DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

THIRD SESSION—SEVENTEENTH PARLIAMENT

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1932

HOUSE OF COMMONS

DEBATES

OF THE

OFFICIAL REPORT

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House of Commons Debates

OFFICIAL REPORT

Tuesday, April 26, 1932

The house met at three o'clock.

RAILWAYS AND SHIPPING

Mr. R. B. HANSON (York-Sunbury) presented the fourth and fifth reports of the select standing committee on railways and shipping owned, operated and controlled by the government.

Mr. Hanson moved that, with the consent of the house, the fifth report be concurred in.

Motion agreed to.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay on the table of the house orders in council P.C. 922, 914, 915, 916, 926, 927, 928, 929, 945, 946, 947, 949, 950, 951, 952 and 953 passed pursuant to the provisions of the Unemployment and Farm Relief Continuance Act, 1932. All of these orders in council deal with the payment of moneys.

EXCISE ACT AMENDMENT

Mr. SPEAKER: The bill standing in the name of the hon. member for Richmond-Wolfe (Mr. Laflèche) will be withdrawn by consent.

ROYAL CANADIAN MOUNTED POLICE

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker on behalf of the Minister of Justice (Mr. Guthrie), who is unavoidably absent, I should like to move, seconded by Mr. Stevens, that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide for the appointment of a deputy commissioner, and the employment of extra constables in emergencies, and to make further provisions respecting the counting of service in the great war and in the civil service and customs-excise preventive service by officers and constables, for the purposes of pension.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

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UNEMPLOYMENT AND FARM RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

Hon. W. A. GORDON (Minister of Labour) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements; to provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan; to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine; to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money to any public corporation or undertaking.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

CONVERSION LOAN

RULING OF MR. SPEAKER ON POINT OF ORDER RELATIVE TO STATEMENT OF THE HON. MEMBER FOR SHERBROOKE

On the orders of the day:

Mr. SPEAKER: Before the orders of the day are proceeded with, I desire to make a statement. On Thursday, April 21, the hon. member for Quebec East (Mr. Lapointe) raised a point of order, upon which I reserved my decision. At that time the Minister of Finance (Mr. Rhodes) rose in his place and in part said:

Mr. Speaker, one week ago to-day I directed the attention of the house to an observation which had been made in the course of the budget debate by the hon. member for

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Sherbrooke (Mr. Howard). What I said upon that occasion will be found at page 2170 of unrevised Hansard. The hon. member was absent for a period of days, but now he is present in his seat I would ask him either to support or withdraw the remarks to which I made reference at that time.

The hon. member for Quebec East, then leading the opposition said:

Before my hon. friend for Sherbrooke rises, I think, Mr. Speaker, that objection to words uttered in the course of a debate must be taken at the time the words are uttered. If I remember well, my hon. friend the Minister of Finance was in the very seat he now occupies when the member for Sherbrooke was delivering his address. The hon. minister did not say a word at the time, he did not take any objection, and I do not think it is in order for him to raise the question to-day.

The Minister of Finance in replying, said in part:

I do not propose to discuss the point of order at all. It is only a question of the general fitness of the character of the remarks and the charges implied in them, and I should think the hon. member for Sherbrooke would be the last person to wish to shield himself behind any point of order.

The hon. member for Quebec East then said:

Behind the rules is always good shelter for a member of parliament.

I then reserved my decision. The statement of the Minister of Finance made on April 14, and which appears at page 2003 of Hansard, was as follows:

I regret that the hon. member for Sherbrooke (Mr. Howard) is not in his seat, but I believe this matter to be of such importance that I should refer to it at the first opportunity, so I would ask the hon. member for Quebec East (Mr. Lapointe), who is leading the opposition at the moment, to be good enough to direct what I have to say to the attention of the hon. member.

It has been brought to my notice, sir, that during the course of his remarks in the budget debate the hon. member for Sherbrooke referred to the conversion loan, and stated that he had advised the people of his district to convert their bonds. Then at page 2157 of unrevised Hansard, he went on to say:

"I told these men, 'If the government want you to convert your bonds I think you should do so.' They converted their bonds. What happened? Insiders of this government did not convert their bonds; the people of Sherbrooke and the eastern townships did."

With respect to that statement I have to observe that the hon. member said either too much or too little, and I must ask him either to withdraw his remarks or to substantiate the facts.

The hon. member for Quebec East may have misapprehended the purport of the remarks of the hon. the Minister of Finance who did not allege that the words used by the hon. member for Sherbrooke were unparliamentary or that his language in itself was objectionable in the sense that it was unparliamentary. What the minister did suggest was that grave charges were implied in the remarks of the hon. member for Sherbrooke and he invited him either to withdraw the implications or to support them.

My ruling is that though there is no rule whereby the hon. the Minister of Finance may insist upon it, if the hon. member for Sherbrooke wishes to make an explanation of the remarks in question, he is not estopped from doing so by the rules or usages of the house.

[Mr. Speaker.]

PRIVILEGE—MR. SAUVE

On the orders of the day:

Hon. ARTHUR SAUVE (Postmaster General) (Translation): I wish to state that the words which were imputed to me by the newspaper La Patrie, in its report of a meeting held at St. Eustache, on August 9, 1931, and to an extract of which my attention was drawn in the speech of the hon. member for Bellechasse (Mr. Boulanger), at page 2243 of Hansard, 1932, were never made by me neither at that meeting nor elsewhere. I mentioned that fact, at the time, by telephone to Mr. Dufresne, the news editor of La Patrie. I may say that no such statement appears in the reports of other newspapers.

CORRECTION

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I rise, not to a question of privilege, but to ask as meekly as I can that the records of the house be corrected in connection with what occurred yesterday when I did rise to a question of privilege. On page 348 of the votes and proceedings will be found the following two lines and a half:

On the orders of the day being called, Mr. Neill quoted a speech delivered by the hon. member for Cariboo, Mr. Fraser, on March 22nd ultimo, and endeavoured to reply to a part of it as a question of privilege.

In that there are only three errors. In the first place I did not quote a speech delivered by the hon. member for Cariboo; I quoted one statement made by the hon. member for Fraser Valley (Mr. Barber); in the second place, it occurred, not on March 22 ultimo, whatever that may mean, but on April 22, and in the third place I endeavoured, not to reply to a part of it, but to contradict a definite misstatement.

SUPPLEMENTARY ESTIMATES, 1932-33

REFERENCE TO SPECIAL COMMITTEE ON RAILWAYS AND SHIPPING

Right Hon. R. B. BENNETT (Prime Minister): I should like to move that the house revert to the order of motions in order that I may move that certain estimates that were tabled a few days ago may be referred to the select committee on railways and shipping. The motion was in the hands of the Minister of Finance (Mr. Rhodes), but he is confined to the house and it would expedite business if we could revert to the order of motions in order that I may make the motion.

Mr. SPEAKER: With the consent of the house we shall revert to motions.

Mr. BENNETT moved:

That the estimates tabled Friday, April 22, 1932, being resolutions Nos. 314, 315, 316 and 317, be referred to the select standing committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

RELIEF WAGES—INCOME TAXATION

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): May I call the attention of the Minister of Labour to a statement that appears in the western papers to the effect that the province of British Columbia is to collect income tax on relief wages? As this government pays a portion of the money, surely the minister will not be a party to such a ridiculous course.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, April 25, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, the proposed amendment thereto of Mr. Ralston, and the proposed amendment to the amendment of Mr. Gardiner.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I regret that the Minister of Finance (Mr. Rhodes), on account of an indisposition which I trust may be brief, is prevented from occupying his seat in the house this afternoon. I should like to join with others who have spoken, in congratulating him upon the method of presentation of the first speech which, as Minister of Finance, he has delivered in this parliament. We all expected that with his large parliamentary experience, he having filled the position of Speaker of the House of Commons as well as that of Premier of his own province, he would, in the presentation of his budget, give us a statement that at least in form and method would be exemplary. I think in that regard none of us has been disappointed.

I should also like to congratulate very warmly the hon. member for Shelburne-Yarmouth (Mr. Ralston) upon the most effective reply which he made to the address of the Minister of Finance. I doubt whether it would have been possible for anyone to have made a more incisive or penetrating analysis of the speech of the minister, or to reveal in more complete fashion the consequences which have followed in large part from policies of hon. gentlemen opposite, and which have been so greatly deplored by the Minister of Finance himself though attributed by him as being due in greatest measure to world conditions.

The speech delivered by the Minister of Finance has the distinction, if such it may be called, of being the most depressing and gloomiest picture that has ever been given to the House of Commons, of conditions in the Dominion of Canada. I say that regretfully, realizing that this is due in part to a condition which exists throughout the world, but also in part to policies of hon. gentlemen opposite which have been put into force since they have come into office. In almost every particular the facts as presented by the minister were the direct opposite of what all of us, irrespective of the political parties to which we belong, would have wished them to be. Where we should have liked to see increases, there were figures representing decreases and where we should have wished to see decreases, the statistics given represented increases. There were increases in the public debt, bringing the public debt to a point higher than it has reached at any previous time in Canada. There were increases in taxation, making the tax burden heavier than it has been at any former period. The total figures as regards both indirect and direct taxation stand higher than they have been at any time of our history. The figures with regard to increases of borrowings indicated larger borrowings on the part of the administration than has ever before been the case except during the period of the war in reference to war matters, and I should also except those borrowings which have been for purely productive purposes as for example

the construction of great railways throughout the country. I am speaking now of borrowings necessitated to meet actual current conditions. Where we might have hoped for some evidence of decreases in the general cost of government, there has been but little. With regard to trade, where we had hoped the figures would show that our trade was at least holding its own, the decreases were very considerably greater than they have been at any time within the period of a year. Similarly the decreases with regard to revenue have been greater than they have been in previous years, particularly from one source which I shall mention later. And finally, it is generally conceded that the purchasing power of the Canadian people stands to-day at a lower figure than it has been at any former period. Along with all this there are the figures with relation to unemployment. We were told by hon. gentlemen opposite that if their policies were put into force, unemployment would be speedily ended. But the figures this year as given by the Minister of Finance and referred to by him indicate that unemployment is worse than it has ever been in the history of the Dominion. So I say, Mr. Speaker, that the picture of the country's condition which has been presented by the Minister of Finance is the gloomiest, the most dismal, the most depressing that has ever been depicted by any minister of the crown in this house.

Hon. gentlemen opposite have endeavoured to make it appear that this condition has been due to world conditions. I wish to say that world conditions have had a great deal to do with it, but what there has been of ill effect in world conditions has been greatly intensified by the policies of hon. gentlemen opposite. In speaking of the policies of hon. gentlemen opposite I refer to three in particular. First, the policy of hon. gentlemen opposite with respect to the Imperial conference of 1930. If that conference was a disaster, was a tragedy, was a fiasco, as we all know it was, this was due more than aught else to the method of approach of the Prime Minister and the proposals and policies which he presented to the conference; it was due to the manner in which Canada's position was presented in London in 1930. If great good is to come, as we hope it may, out of the conference of the present year, which is the postponed conference, there will have to be a vast change in the manner of approach by Canada's representatives and in the policies and proposals which are presented in the name of Canada to the conference. There will have to be many changes, some of which I shall indicate a little later on.

[Mr. Mackenzie King.]

But in addition to the policies with respect to the conference, there are also the policies of hon. gentlemen opposite with respect to the tariff. I submit that those policies have had a very far-reaching influence in bringing about the disastrous effects which are felt so widely at this time. We know that at the special session of parliament the tariff was raised to heights almost inconceivable, and that again at the last session the tariff was raised still higher. In the budget which hon. gentlemen opposite have brought in this year there is a still further increase in the tariff notwithstanding that such is said not to exist. I am referring, of course, to the so-called excise tax which has been increased 200 per cent and which in reality is an increase in the tariff. These increases in the tariff have had the effect virtually of prohibiting the entry of goods to any considerable extent into this country. The tariff has ceased to be what we used to speak of as a protective tariff. It has become, as it has been described by some of the journals of hon. gentlemen opposite, a prohibitive tariff. It is a tariff different in kind from anything that Canada has ever had before, and that prohibitive tariff has had a very serious effect upon trade, and having affected trade, it has had a very serious effect upon business generally and upon human well being throughout the country.

Then there has been the policy of hon. gentlemen opposite in the administration of the tariff, a policy which time and again has been referred to in the course of this debate as having led to great uncertainty and great instability as respects the tariff. We have often heard in this house of the importance of stability and certainty in regard to all taxes and in particular with respect to the tariff, but I venture to say that even hon. gentlemen opposite will not for one minute deny that the tariff as it has been administered under the present government has been unstable, has been uncertain, has been of a character which has caused the business community to be filled with dread from day to day as to the conditions with which they might be faced on the day following. The instability of the tariff as the result of the way it has been administered, in addition to the prohibitive rates of the tariff itself, have had a far-reaching effect upon the trade of the country, and through trade upon business, upon taxation, upon unemployment, and upon all the other matters which have an economic relation one to the other.

Then I might add that had hon. gentlemen opposite been prepared to accept some of the suggestions which were made from this side, that conditions would not have been as bad as they are.

Mr. COTNAM: We have had you for ten years.

Mr. MACKENZIE KING: If my hon. friend will just endeavour to be polite for the time I am speaking, I will thank him very much. I am going to ask you, Mr. Speaker, from now on kindly to have order kept this afternoon. I have not interrupted an hon. gentleman on the other side speaking in the house this year except to ask a question, and I am entitled in speaking on this great question of the tariff and of the Imperial conference, as I intend to do this afternoon, to have a proper hearing from hon. gentlemen opposite and no interruptions.

I was about to say that we on this side had made in the course of the debates in this house several suggestions which had they been accepted by the administration would, I believe, have been of service to the country. But they have not been accepted, and as a consequence expenditures and borrowings have been on a much larger scale than otherwise would have been the case.

I refer, first of all, to the suggestion that was made at the special session, and again at the session of last year, that there should be called immediately a dominion-provincial conference for the purpose of discussing between the dominion and the provinces financial arrangements as they affect both parties; that before the government entered into the policy of making grants in aid, for all kinds of purposes, and to all sorts of amounts, there should be not merely a one-day conference between the Prime Minister and some of his ministers with the premiers or other ministers of the several provinces, but a gathering that would occupy several days and which would go into the whole question of the relation of the dominion to the provinces in the matter of subsidies, in the matter of grants in aid, in the matter of what particular obligations should be shouldered by the provinces with respect to social services and what particular obligations should be shouldered by the dominion. I say that had a conference of that character been held before the Dominion government began to make these vast loans to the provinces and to enter upon increased grants in aid in one direction or another, and to carry out some of the extravagant schemes on which it has embarked, a large saving would have been effected, and, as a consequence of that saving, there would have been less in the way of borrowing and less in the way of taxation necessary at this particular time. May I again say that I hope that such a conference to consider the financial arrangements between the dominion and the provinces may be held at the earliest possible moment. I do not consider the conference held a few days ago, the one-day interview which took place, as at all the kind of conference that could begin to discuss financial relations as outlined from this side of the house at different times in the course of the debate. I do think that now that we have before us in the very resolution which was introduced this afternoon notice of a bill to give further money to the provinces and to allow the ministry again more or less of a free hand in the expenditure of public moneys for relief purposes and the like, there should be an immediate conference held in which it would be possible to set out definitely the limits on each side with respect to what is to be undertaken by the provinces, on the one hand, and by the dominion on the other, and what is to be expected in the way of grants supplementary to those undertakings.

The other suggestion which was made from this side, and which I think has everything to commend it, was that an unemployment relief commission should be appointed to administer federal relief funds, that there should be some body specially charged with the administration of the vast sums being given to the provinces, and in part paid out directly for relief. Two years have gone by in which a great deal of very valuable material might have been gathered to guide this house in subsequent legislation on unemployment, but we have, as I have said repeatedly nothing to show at the present time for the millions that have been expended on relief except the additions to the public debt, and what appears in the way of statistics in the blue books. We have no report from any body indicating wherein some scheme of unemployment insurance would help to meet the situation more effectively. We have had no opinions of experts dealing with this question, which of all the economic questions of the day necessitates expert opinion.

So I repeat, Mr. Speaker, that while world conditions may be responsible to a very considerable extent for what the country has been suffering, the policies of hon. gentlemen opposite, intensifying as they have the adverse effects of world conditions, have made things infinitely worse than otherwise would have been the case.

The effect of these policies has been shown particularly in the matter of trade. It is with respect to trade that we get at fundamental facts in connection with a country's progress. The trade figures which I shall give in a few moments will indicate the extent to which the policies of hon. gentlemen opposite have been directly responsible for the dislocated condition in which things are to-day. Before I quote the figures, however, I wish to read what was said from this side of the house in reference to the policies of hon. gentlemen opposite at the time those policies were introduced and again at the last session. At page 16 of Hansard for the year 1931, will be found reference to the policies then being introduced, and a statement as to their probable effect. At that time I said:

> The great question in the course of this session and this parliament is going to be whether the policies of hon. gentlemen opposite will serve to promote or to cripple the trade of the country. I believe it can be shown that the most serious of all the results of the policies of hon. gentlemen opposite will be the very certain contraction in trade that we shall find on all sides, a contraction that will affect all classes; whether they be employers of labour or employees, whether they be the heads of large industries, transportation companies, financiers, wholesale merchants, retail merchants or others, all are going to feel the effects of the contracted trade of this country as a result of the policies hon. gentlemen opposite are putting into force.

I ask if that prophecy has not been fully fulfilled. May I continue with a reference to be found at page 54 of the same volume:

> May I state further that already we are beginning to experience—

And this was as a result of policies inaugurated at the special session.

> —in a very critical way the effects of the policies of hon. gentlemen opposite as put through at the last special session. Look at the figures on trade and see how trade is diminishing. Look at the figures with respect to national revenue and see how the national revenue from customs dues is shrinking. Wait until the budget comes down and see what the additional taxation will be. Already we can see the effect upon the western farmers in loss of purchasing power. The western farmers not being able to sell their grain, and the producers generally not being able to get rid of their surplus products, where are we going to get the purchasing power to stimulate our industries? It may be true that here and there, where a protecting wall has been thrown around an individual industry, there has been created a temporary boom. That undoubtedly happens, and will happen in certain cases where competition from without is suddenly checked. But what takes place after the point has been reached where there is no one to purchase the products of the industries thus artificially stimulated? When the demand falls off, what will happen to the transportation companies, the banks, the wholesale and retail businesses of the country? What is to be the lot of every householder in the land when we experience more contraction in the trade of the country?

That was said at the last session of parliament in reference to the policies of the previous session. I repeat it concerning the policies of this session. The effect has been and will again be felt through a reduction of trade, felt in regard to revenues, in regard to taxation, in regard to debt, in regard to unemployment. As to the significance of the balanced budget I shall have a word or two to say in a moment. I will also make a statement as to the significance to be attached to the so-called favourable balance of trade.

So that there may be no gainsaying the exact position, I should like to give the figures with respect to trade for the last three years. These figures are taken from the National Revenue Review for the month of April. First I shall give the figures for the fiscal year 1929-30, then for the fiscal year 1930-31, and then for the fiscal year 1931-32. I shall read only the totals, but with the permission of hon. members I should like to put the figures on record in tabular form.

	Fiscal Year 1929-1930	Fiscal Year 1930-1931	Fiscal Year 1931-1932
Imports	$1,248,000,000	$ 906,000,000	$ 579,000,000
Exports—			
Canadian	1,120,000,000	799,000,000	576,000,000
Foreign	24,000,000	17,000,000	11,000,000
Total trade	$2,392,000,000	$1,722,000,000	$1,166,000,000

What is the significance of these figures? They show, Mr. Speaker, that since the present administration has been in office during the last two years—and I shall give my reason for confining the statement to the present administration—the trade of Canada has been more than cut in half. That is a tremendous cut. I repeat, the trade of Canada has been more than cut in half in that short period of time. I put the whole responsibility on the present government for this reason. It was at the special session that these high tariffs were first imposed. It was at the last session of parliament that further increases were made in

the customs tariff and that an excise tax was for the first time imposed, with a minor exception or two, against all goods coming into the country, whether or not they had been previously admitted duty free. It is due to those tariff increases, and to the additional excise imposed at the last session that we have this astonishing decline in the trade of our country. As I have said the trade during the fiscal year 1931-32 has fallen to less than half of the trade in the fiscal year 1929-30. I wish to impress upon hon. members the fact that our trade has been more than cut in half in a two year period.

Speaking of world conditions, undoubtedly there are, in the main, three which have affected the situation in Canada and elsewhere. The first is that of debts and reparations; that is a legacy of the war, and is not a matter with which this parliament can deal effectively to any extent if at all. The second is the mishandling of the gold of the world, and the general disorganization of currency and credit as related to the supplies of gold. The third is the matter of high tariffs which have been imposed against international commerce. High tariffs have been imposed by the governments of other countries as well as that of Canada. It will be noticed that all three conditions are very considerably inter-related. More and more the economists of the day are pointing out the inter-relation between the effect of high tariffs and the inability of other countries to meet war debts and reparations. More and more there has been pointed out the relation between high tariffs and the present condition of credit and currency in international relations. More and more has attention been drawn to the very serious effects of high tariffs upon trade between the different countries. They are inter-related. These are problems each of which is international in character. Some of them to a greater extent than others are capable of solution by national effort. Of these conditions, the one arising out of tariffs, is the one with which a single nation can do most on its own account. Every nation is in complete control of the tariff it itself imposes. On the other hand no single nation can deal by itself with any condition of world credit or currency, nor can it deal by itself with the problem of war debts or reparations.

If the Liberal party have at this time in its amendment to the budget drawn attention specifically to the tariff and its effect upon present conditions it is because we believe first of all that the tariff has been the most serious of all factors responsible for the intensification in Canada of adverse world conditions, and in the second place, that it is one which can be dealt with in the most practical way at this time. We have done so, not because we do not appreciate that the other factors are important, but because we believe this is the most important and the most practical one to be dealt with by this parliament at this time. More than that, we say it is the most immediate one in view of the matters to be considered at the forthcoming Imperial economic conference which is to be held in this city in the course of the next three months. These are some of the reasons which have caused us to emphasize the importance of the tariff at this time.

There is another reason. We believe that the vast increase in taxation which has taken place this year has been necessitated in large part by the loss of revenue which this country has suffered in consequence of the tariff ceasing to be a tariff for revenue and becoming a highly protective, I should say, a prohibitive tariff. I wonder if hon. members realize the extent to which the revenue of this country, as collected from customs dues, has fallen. It is a very significant thing that our trade has been more than cut in half. I think it will be found that the revenue of the country from customs duties has been nearly cut in half as well. The Minister of Finance in dealing with this matter said:

> Customs receipts fell to $102,800,000 reflecting the drop in the value of imports occasioned by a number of factors, such as the further decline in prices, the unfavourable exchange rate as regards importations from the United States and generally the policy of encouraging production in Canada.

The policy of encouraging production in Canada! That ought to have been called, "The policy of discouraging production in Canada." It is the policy that is indicated by protective tariffs—that is what is meant by the phrase—of tariffs raised to a point which has made it next to impossible for producers in the great basic industries to develop those industries as they should be developed in this country. May I give the house the total customs import duties for the last four years:

1928-29	$187,000,000
1929-30	179,000,000
1930-31	131,000,000
1931-32 (estimated)	102,000,000

Now, the total receipts from taxation in these years were as follows:

1928-29	$395,000,000
1929-30	378,000,000
1930-31	296,000,000
1931-32 (estimated)	273,000,000

What do these figures show? They show that the percentage of customs receipts to total receipts was 47 per cent in 1928-29, 47 per cent again in 1929-30, that it dropped to

44 per cent in 1930-31, and it is estimated that it will drop this year to 38 per cent. From 47 per cent in 1929-30 customs receipts have fallen to 38 per cent for this year, 1931-32. The total decline in revenue in 1930-31 was $89,844,530. This was due mainly to diminished customs receipts amounting to $48,220,965. In other words, the tariff, instead of being a tariff for revenue and as such a means of avoiding the necessity of increasing the income tax and sales tax, and the necessity of deducting ten per cent from the salaries of civil servants and the like, has resulted in this decrease, which goes a very long way towards accounting for what in these particulars the government has found necessary to make good.

Now, the Minister of Finance has said:

> We would be recreant to our duty if we failed to face our problems with determination and at whatever sacrifice fully meet our financial obligations, balance our budget and preserve our national credit in the eyes of an observant financial world.

Just here may I draw attention to the highlights in the speech of the Minister of Finance, intended evidently to offset the sombre effect of the speech generally. One was that the budget had been balanced; another, that there was a favourable balance of trade, another that there had been no increases of the tariff this year and finally that the forthcoming economic conference was going to help meet the situation now confronting Canada; I would say, with regard to the first three of those statements, that they are inaccurate and misleading. It is not true that there is a balanced budget. So far as any significance is to be attached to the fact that there is a favourable balance of trade, it is a significance that vanishes the minute one realizes that trade itself has diminished to the exent which has been indicated, and that it has been so diminished by the policies of hon. gentlemen opposite in the manner stated. The statement that there have been no increases in the tariff is not correct, for this year there has been imposed a two per cent excise duty, so-called, which is a duty to be levied on all commodities coming into this country, whether they have been duty free or not heretofore. An excise duty is something that is placed on commodities within the country; but this two per cent has been imposed on commodities coming into the country, and it is as much a tariff as any other piece of tariff legislation enacted by this parliament.

May I draw attention to the fact, that, in considering the effect of the additional two per cent excise duty, account has to be taken of the scale of the tariff schedules prior to the bringing down of the present budget. It might have been expected this session that some tariffs would be reduced, especially as the economic conference was in the offing. There was reason to hope that, at least, the government of Canada would have done as the British government has done—give some indication to other parts of the empire of its intention to proceed in a friendly way by means of preferences, which would mean the lowering of duties against other parts of the empire. This has not been done, but quite the opposite. So there is really nothing of which hon. gentlemen opposite may boast in the statement that they have not again put up the tariff higher, even if this further two per cent excise had not been added. I should like also to direct attention to the fact that the excise duty is placed on goods as valued for duty. The average duty is about 30 per cent at this time; so that the excise, when you take it at three per cent as it is now, equals nearly 3.9 per cent. In other words, we shall have when the resolutions of this budget go into effect pretty nearly a four per cent increase in the tariff on everything coming into Canada at the present time on account of a so-called excise tax. How in the face of this increased excise tax, which brings about a condition of tariff legislation higher than we have ever had in the country or than exists I believe in any country, can hon. gentlemen opposite boast that the tariffs this year have not been altered in any particular?

I said that hon. gentlemen opposite were seeking to have it appear that the budget had been balanced. Let me read the statement of the Minister of Finance himself on that matter:

> Having detailed the revenues from all sources and the expenditures under the appropriate divisions, the net result of the accounts for the year may now be indicated. With ordinary revenues of $327,719,000 and ordinary expenditures amounting to $378,743,000, the resulting deficit on ordinary account is $51,024,000.

The resulting deficit on ordinary account is $51,000,000. Where can there be a balanced budget with a statement such as that? But that does not even take into account the special expenditures which have had to be made within the year, and which the Minister of Finance in his own statement proceeds to give:

> Special expenditures, including $49,282,000 for unemployment relief and wheat bonus as previously detailed, total $55,138,000. As an offset to this amount, $7,022,000 was received in special revenues, leaving a balance not pro-

vided from income of $48,116,000. In addition there are the capital expenditures of $16,975,000 and loans and advances non-active of $3,390,000. The amount, therefore, of the increase in debt for the year is $119,505,000.

An increase of $119,000,000 in the debt! And yet hon. gentlemen opposite would have the country believe that the government balanced the budget this year! May I point out that, during the time the Liberal administration was in office, every dollar that was spent on capital account was met out of current revenue, and there was no adding to the public debt because of capital expenditure. Notwithstanding that, the public debt of the country was reduced during that period by from $200,000,000 to $300,000,000. But may I emphasize this point: The stress that has been placed upon the necessity of balancing a budget has been based by hon. gentlemen opposite on the example of Britain. We have been told over and over again that Britain was faced with a serious situation, that it was found absolutely necessary to balance the budget, that they balanced the budget in Britain; and, therefore, we must do the same thing here. Did Britain leave out of account in the balancing of the budget the amount spent on unemployment relief? Did she leave out of account the amount spent on the dole? Did she leave out of account the amount spent on road work and the like? I have taken care to look up what the Chancellor of the Exchequer of England said about balancing the budget in relation to these payments for unemployment relief, and I will read to the house the statement which will be found in volume 13, session 1930-31, at page 298. Mr. Phillip Snowden, speaking as Chancellor of the Exchequer, said:

> . . . An unbalanced budget is regarded as one of the symptoms of national financial instability. . . . I would point out to the house that . . . apart from all foreign implications, an unbalanced budget is a very serious thing for this country itself. Apart altogether from outside opinion, it would be necessary for ourselves to put our financial position into one of undoubted security and stability. A deficit itself may not be a very serious matter, because unexpected expenditure might be necessary during the currency of the financial year —expenditure unforeseen when the budget was introduced. It is not a deficit at the end of the year that matters so much, as whether measures are taken or not to meet that deficit. The serious thing is whether the country takes steps to meet that deficit and to balance its budget. If it fails to do so, then naturally grave doubts arise as to the financial stability of the country. . . .
>
> Before I begin to deal in detail with the income and expenditure of the year, there is one thing vitally affecting the budget to which I want to call attention. . . .

I direct the attention of the house to the word "vitally", as used in the connection mentioned.

> The government have decided that borrowing for the unemployment fund and the road fund must cease, and this decision must apply to the current financial year. Accordingly, the whole amount of what the road fund would have required to borrow, and the amount which the unemployment insurance fund would have required to borrow when its present powers are exhausted, will have to be borne as a charge on the votes this year, and the estimates to implement that decision will be presented in due course. In taking this step, the government have been actuated by the desire to place the stability of the budget beyond question. The adoption of borrowing as an expedient to bridge a temporary deficiency in a fund when there is a prospect that it can be repaid is perfectly justifiable, but there is clearly a limit to which that borrowing can be carried on, otherwise it would become an unbearable mortgage upon the fund—in this particular case the unemployment insurance fund—and it would be a source of danger to the stability of the budget. We cannot afford any longer to increase the debt. Despite the very heavy burden that this will be in the budget, there is no choice in the matter.

Elsewhere, the Chancellor stated that the current year's charges would amount to £25,000,000 for unemployment borrowing and £9,000,000 for the road fund. That was the way in which Great Britain balanced her budget, and hon. gentlemen opposite, after citing the example of Britain, come along and seek to convey the impression to the country that they followed Britain's example and balanced their budget, whereas in the pretended balancing of the budget they have left out altogether the one thing which the Chancellor of the Exchequer says is vital.

Much the same thing might be said with regard to representations made with respect to the favourable balance of trade, so-called. Whether, in reality, a balance of trade is significant, because it is favourable, depends, of necessity, upon the total volume of trade. If your tariffs have been so arranged as practically to prohibit trade in one direction, and thereby make more difficult any trade in the other direction, to come along and say that, by this arrangement of tariffs, you have been able to get a favourable balance is to make a statement which may be wholly correct, but one which also is wholly misleading. The fact that the balance of trade is favourable under the circumstances I have mentioned ought to be a cause for regret rather than one for praise or commendation.

Moreover, as is well known, periods of great prosperity in this country and in the country to the south have often been years of unfavourable balances so far as trade was con-

cerned. Why was that? The reason is that everything depends upon the state of development of a country. If a country is borrowing from abroad for the purpose of development, as was the case in this country when we were constructing our great railways, during the period of Sir Wilfrid Laurier's régime, or the period during which the Canadian Pacific railway was being constructed, one would expect an unfavourable balance. That circumstance, however, did not signify anything adverse with regard to the position and development of the country. It was only the outcome of an investment which was going to bring its return later on. I need not, I believe, go further into that question; I think it is quite clear.

As to the third matter of which I spoke, that is, the excise tax being an increase in the tariff, I think on that score also I have said enough for the moment. May I, however, direct attention to the last point to which I referred, namely, the significance and importance of this budget in regard to the forthcoming Imperial conference. There is nothing that I can see in the budget which, read across the sea or in any portion of the world where there is a British dominion, will bring aught of encouragement to any government of the British Empire. I do not know how we in Canada would have felt if, when Britain introduced her duties, she had put up the tariff against Canada as well as against foreign countries, in the way this government has been doing ever since it came into office. So far as this year is concerned, Canada and all parts of the empire had a right to expect that, in the budget preceding the conference, there would be something that would resemble a gesture of goodwill, something indicative of an attitude of friendship towards the other portions of the British Empire. But I will deal with that further in a moment. May I repeat that it is because of the facts which I have mentioned that the Liberal party brought down this year an amendment limited particularly to the tariff. If the house will permit me, I would here like to put the Liberal amendment on record:

That all the words after the word "that" be struck out and the following substituted therefor:

"this house is of the opinion

"that increases made by the present administration in the customs tariff have been arbitrary, ill-considered and inordinate, and have had the effect of stifling agriculture and other industries, restricting trade and commerce, and increasing unemployment;

"that the fixing of values for duty purposes by orders in council is an interference with the inherent right of parliament to regulate duties and determine taxation, and has had an unsettling effect on commerce, a depressing effect on business, and has been detrimental to the interests alike of producers, importers, distributors and consumers;

"that a reversal of the present fiscal policy in relation to customs tariffs and an immediate resumption of parliamentary direction and control with respect thereto are essential to a revival of trade, and improvement in business, and to the ultimate return of prosperity in Canada."

That amendment was followed by an amendment moved by hon. members of the Progressive party in the far corner, and, if the house will permit, I should like also to place that amendment on record so that the two will be side by side:

That all the words after the word "that" in the said proposed amendment be deleted, and the following substituted therefor:

Whereas, in Canada there exists an ample supply of natural resources to provide for all primary needs, and

Whereas, we have developed an efficient industrial machine capable of producing more than sufficient of the requirements of our people, and

Whereas, notwithstanding this our external and internal debts are increasing enormously—large numbers of our citizens are in dire need and exist through governmental and charitable relief, and a large proportion are faced with declining purchasing power involving a lowered standard of living, and

Whereas, in our opinion these conditions are attributable to fundamental defects in the present economic system, and

Whereas, it is therefore necessary that parliament, the agency with the widest legislative powers, should take the initiative in the task of reconstructing national production and consumption with a view to the widest possible use of commodities on a basis of human needs, and

Whereas, the control of finance is a basic element in such reconstruction, affecting as it does industrial plant establishment and develpment, the distribution of goods and the price level of goods and services.

Therefore be it resolved, that in the opinion of this house, as a first step towards general economic reconstruction, our financial system should be nationalized, and provision be made to issue immediately sufficient money to bring the value of the dollar as speedily as possible to that point at which the major portion of our debts were incurred during the war; stabilize the dollar at this point internally and thereafter manage credit and currency issue to secure and maintain a stable price level within Canada.

With regard to the Progressive amendment may I say that it relates exclusively to the question of currency and credit. It is in the nature of an amendment dealing with financial reform, whereas the amendment moved by the Liberal party might be described as having to do with tariff reform. I want to say quite frankly that I think hon. members who are responsible for this amendment are to be congratulated for the time, the thought and the study they have given to financial questions.

I think they are right in looking upon questions of credit, particularly the involved problem of the world's supply of gold and its distribution, and matters of currency, as all-important questions that cannot receive too careful attention. But I do submit that they might have hoped to get more in the way of sympathetic reception for their views had they taken a different means of presenting them to the house. I cannot see why it was necessary to wipe out completely the Liberal amendment in order to bring their amendment before the house; they might have amended the Liberal amendment, if they had wished to do so, by adding something with reference to credit, currency and the like. Their subamendment goes farther than that, it strikes out the whole Liberal amendment; it is equivalent to saying: We do not regard this tariff situation, affecting as it does trade, taxation and all the rest of it, as at all comparable to what we have in our subamendment. I can hardly believe that the hon. members responsible for the subamendment are sincerely of that view, that they really meant that, but that is the effect of the subamendment in the way in which it is introduced.

I shall now deal with the subamendment. May I say that to what is expressed in the preamble, no exception could possibly be taken. The preamble relates very largely to prevailing industrial conditions and the existing depression. It is a mere statement of fact. However, it goes on to give the reasons why the depressed condition is what it is, and these reasons are set out as follows:

> Whereas, in our opinion these conditions are attributable to fundamental defects in the present economic system, and
>
> Whereas, it is therefore necessary that parliament, the agency with the widest legislative powers, should take the initiative in the task of reconstructing national production and consumption with a view to the widest possible use of commodities on a basis of human needs, and
>
> Whereas, the control of finance is a basic element in such reconstruction, affecting as it does industrial plant establishment and development, the distribution of goods and the price level of goods and services.

May I point out that while it is true that some of these conditions are attributable to the present economic system, that system is not a matter for which Canada alone is responsible nor which Canada alone can change. The present economic system is something for which many countries are jointly responsible and if there is to be any alteration, I venture to say it will not be brought about by the action of any one country but by cooperative action on the part of many. It will be probably one of the most difficult things in the world to bring about. I agree with those in this house who have said that it is impossible for any thinking man or woman to view conditions as they are in this and other countries, conditions of plenty on the one side, with distress and starvation on the other, without realizing that there is something wrong with the existing condition, but I do not agree with those who hold the view that parliament can remedy everything, governments can remedy everything. Governments can do a certain amount, parliaments can do a certain amount, but I believe that the fundamental things which in the long run are going to be of greatest effect in improving and changing social conditions will be the things done outside of parliament by voluntary action of a cooperative character.

In this regard may I refer to what the hon. member for Winnipeg North Centre (Mr. Woodsworth) said the other day as to the necessity of a new motive in dealing with social and industrial problems. I agree that we need a new motive and that industry should be considered as being in the nature of social service. I agree that everyone who has to do with industry, no matter in what form his contribution be given, whether it be the capitalist who contributes his capital, whether it be labour which gives its labour, whether it be managerial ability which gives its skill, or whether it be the community which makes its contribution in a thousand and one forms, all of these who are engaged in making a contribution to industry are doing something in the nature of social service. If we would take that view, I think probably we would be starting on the right road toward a solution, our efforts would be more effective than by opposing what may be said as to the need of some new motive.

May I direct attention to this fact: After all, the golden rule is the rule which underlies all social service. If parliament could by enactment of the golden rule enforce or bring about its application to any extent, we would not be sitting to-day in this house waiting for something of the kind to be done, it would have been done by public bodies many hundreds if not thousands of years ago. The golden rule will be brought into force only through a process of education, a process which began in its highest form nearly two thousand years ago, and which has been making extensive headway despite what might be said to the contrary. However, it is a process which has a long way to go before it begins to govern and control the actions of men in their financial and business relations. Let us

hope that the agencies that are seeking to develop that new spirit and that new attitude will be furthered in every direction possible, that the hands of those who direct them will be strengthened and their work enhanced, but we must not deceive ourselves into thinking that any parliament on earth is going to be able to bring about a permanent change in social and economic conditions. Parliaments cannot do everything but because we may have to wait some time for another motive is to my mind no reason why, to the extent of our ability both in and out of parliament, we might not do very much towards helping to bring about better social conditions.

Frankly, my view is that the crux of the whole situation lies not so much in any outward reorganizing of industry according to any particular model but rather in the control of policy by those who make any contribution to industry. As I see it, the present system of industry, the so-called capitalistic system, is a system organized largely on the basis of the single control of industrial policies by capital investors. It is the capitalist who invests his money who has the say in the choice of the board of directors; it is the board of directors that appoints the management; it is the management which in a large part dictates the policies of the industry under the direction of the board, and which has to do with determining rates to be paid to labour and the prices or rates to be paid by the consumer for the commodities produced and the services rendered. Looking broadly at the changes which are taking place in different parts of the world, it seems to me that what is being attempted in one part is an endeavour to substitute for that single control on the part of capital, single control on the part of some other factor contributing to industrial development. As I see the movement in Russia, the emphasis is laid largely on the single control by labour. In Prussia before the war great emphasis was laid on the single control of the community organized as the state, state socialism in a highly developed form. I believe that a large part of the conflict which arises in these matters comes from the effort of one factor contributing to industry seeking to gain a monopoly of control and failing to realize that the secret of any change which is going to be permanent, enduring and worth while lies not in the substitution of monopoly by some other factor for the one which exists. The secret lies in the doing away altogether with monopoly of control and the substitution in its stead of joint control of industrial policy.

[Mr. Mackenzie King.]

At the risk of being considered indiscreet, may I outline a practical experiment which may help to explain what I mean in a concrete way. I do not want any part of what I say to be taken too literally, I should like the matter to be considered as being tentative, but I bring it forward with a view to disclosing the kind of thing I have in mind. I spoke of substituting joint-control in all matters pertaining to industrial policy for single control. Consider the railways of this country. So far as the Canadian Pacific Railway is concerned, it is under private management; and for the most part control is in the hands of the directors who are appointed by those who have capital invested. The Canadian National system is a government-owned road. There the control is largely that of the directors who have been appointed by the government of the day which, in its action in that regard, is supposed to represent the people. Whether the directors fairly represent the different classes in the community, one has to examine for oneself; see who they are, and what their previous relations and associations may have been. At any rate, each of these systems is controlled as respects the policies which govern by certain groups of gentlemen who represent very definite interests.

We have, in the railway commission, a body which also has to be considered in connection with the railways of the country. It is in a very real way representative of the community, of consumers and producers. It is a body which has been appointed by parliament to see that rates are subject to control. The extent to which it is truly representative of all groups must again be decided upon examination of those who sit upon the board and who have the controlling influence there. Attention has been given to the representation of labour and also of the farmers on that board, and, to that extent, it comes close to representing the sort of thing I have in mind when I speak of joint-control by all interested groups as being essential in the determination of policy.

If it be a good thing to have all classes represented in that way on the railway commission, why should such representation not be an equally good thing with respect to the management of the railroads, whether they be under government or private ownership? That is a point I should like to have considered. Why should there not be on the board at Montreal, whether it be of the Canadian Pacific or of the Canadian National, representatives of the great brotherhoods, such as the locomotive engineers, firemen, conductors.

trainmen, maintenance of way men and others, railwaymen who are giving their lives daily in the service of their roads and who have brought into being their large eminently efficient and well managed organizations? Why should their representatives not be seated on the board of directors, having their voice, along with representatives of capital, in the shaping of railway policy? Why should the community generally, taking it broadly, not have directors chosen, not merely by a government exercising its own will in the matter, but by a government having regard for the different elements that go to make up the nation, choosing as its appointees amongst others men who would be representative of the agricultural interests, and of other great interests such, for example, as the commercial and business interests organized in chambers of commerce, boards of trade and the like?

I venture to say that a joint board fashioned in that way, directing the affairs of the railways of the country and having the determination of policy, would have a very far-reaching effect in reconciling the different interests concerned. I doubt very much whether, under a board so arranged, there would be extravagances in the construction of too elaborate hotels, of palatial ships or what in other directions would be regarded to-day as unnecessary if not wasteful expenditure. I doubt very much whether matters might not be so arranged as to make possible the continuous employment of those who are giving their lives to the railway service. Why should not a great industry like the railways be so organized as to take care, under some system of unemployment insurance with the aid of the state in some way, if you like, of all who enter its employment? If such were the case, we would not have lay-offs such as we have at the present time. What can be more tragic than the condition we are hearing about from day to day in the press and in the house of hundreds, yes of thousands of men who have given their lives to the railway service of the country, being laid off at this time without any remuneration whatever? If the railways were organized in the way I have indicated, I believe in the result matters would be so arranged that the unemployment situation would be cared for along with the rest. It would become part of the obligation upon the industry to see that it was run in such a way that those who have their labour as well as those who have their capital invested in it would be cared for.

While undoubtedly a step of the kind suggested would have to be a gradual one, while it would have to be effected by a little here and a little there, a tending in that direction, taking a single industry in a single country at a time, an example I submit would be set to other industries and to other countries and in that way a natural evolution would come about in industrial management and particularly in control of industrial policy which would go a long way towards improving social and economic conditions. After all, does not each of these parties receive at the present time a certain recognition for its services? Does not capital receive its remuneration in the form of interest? Does not labour receive its remuneration in the form of wages? Does not the community receive its recognition in the form of services performed at a particular rate? Does not management receive its recognition in the salaries paid to it? If all receive recognition for their services in that way, why should not all also receive recognition in the matter of having a voice in the shaping of policy with respect to conditions generally under which they all have to make their respective contributions.

Mr. MOORE (Chateauguay-Huntingdon): Why did the right hon. gentleman not do that while he was in office?

Mr. MACKENZIE KING: If my hon. friend will take the trouble to look at some of the things I have put on record, he will find that I advocated a step of this kind long before I came into office. May I also point out to my hon. friend that while we were in office, I helped to carry out part of the program by seeing that labour was given a place on the board of management of the Canadian National Railways. We were moving very distinctly in that direction.

Mr. STEVENS: The same man is there now.

Mr. MACKENZIE KING: We also saw that agriculture was given its representation. These things do not all come about in a day, but come about they will in the course of time. I am not surprised that in any effort to deal with social reconstruction opposition comes from hon. gentlemen opposite.

As I was saying, recognition comes in these different forms. I think it should be given equally in the matter of control of industrial policies. If that course is taken in one industry, and in one country it will, I believe, be taken in other industries and in other countries and we shall soon have a condition which will prevent the dislocation of industry whether arising from strikes or lockouts, or from other causes that can be at least partly controlled by those who are concerned in the industry itself. I should like to develop that

idea a little further, but I feel it is necessary to go on with the other matters already touched upon.

May I come back now to the other part of the subamendment of the Progressive party? It is as follows:

> That in the opinion of this house, as a first step towards general economic reconstruction, our financial system should be nationalized, and provision be made to issue immediately sufficient money to bring the value of the dollar as speedily as possible to that point at which the major portion of our debts were incurred during the war; stabilize the dollar at this point internally and thereafter manage credit and currency issue to secure and maintain a stable price level within Canada.

That is the substance of the subamendment. It suggests two things: first, the nationalization of our financial system and, second, the direct adoption of a policy of inflation. May I in the first instance ask this question of those who have moved this subamendment: If our financial system is to be nationalized, whom are you going to entrust with that work? Are you going to entrust the government opposite with it? Are you going to entrust hon. gentlemen opposite, who have dealt with the tariff in the manner in which they have, under the freedom which has been given them, to nationalize the finances of this country? Yet that is what this amendment is suggesting, because it is addressed to parliament as it exists at the present time. May I ask another question? Were a Liberal administration in office would you entrust a Liberal administration with that task? May I ask still another question? Were you in office yourselves, would you undertake the work of nationalizing the finances of the country? I do not believe that any group of persons who have given thought to these matters would attempt a task of that kind in Canada at this time. And, if we ourselves would not undertake a scheme such as this, what would be thought of Canada by other countries if it were announced to-morrow that this House of Commons had attempted any such task as the one indicated in the subamendment?

With respect to the inflation of currency, may I draw attention to this further fact? It is a well known circumstance that it is very difficult to discover just what exact amount of inflation is going to serve the purpose that may be in view. Who is going to determine whether there is enough inflation? Inflation has a way of gathering momentum to itself. It is easy to step on the accelerator, but it is very hard to put on the brakes.

[Mr. Mackenzie King.]

Miss MACPHAIL: They seem to have put on the brakes now.

Mr. MACKENZIE KING: That is fortunate if it is in regard to inflation, because to my mind inflation certainly is one of the last cures that would be helpful in the present situation. Would inflation increase the purchasing power of any one overseas? Would not inflation, if it is carried to the point indicated in the amendment, help very much the holding classes to-day as compared with others? Let me read a statement by Mr. Keynes, whom hon. gentlemen to my left have often quoted:

> To restore the value of pre-war holdings by deflation means enhancing at the same time the value of war and post-war holdings, and thereby raising the total claims of the rentier class not only beyond what they are entitled to, but to an intolerable proportion of the total income of the community.

Is that sort of thing what is desired by those who have moved the subamendment? You cannot deflate or inflate currency in such a way that it will help only those who have next to nothing, and not help in some cases those also who may possess something. Each works all around. Inflation like deflation is a two-edged sword when it comes to dealing with financial matters.

Moreover, may I ask if some of these problems are not very much beyond the bounds of a single nation to deal with? Is it not true that apart from these problems, being international in character, other factors enter in a very real way which, even so far as international cooperation is concerned, it is very difficult to control? A very learned address was delivered in this city not very long ago by a great economist who has been quoted many times in the course of this debate, Sir Josiah Stamp. What did he say?

> No economic machine can stand against undue optimism or undue pessimism. In getting the world right, there are two separate sets of problems to be faced: (1) national problems to be solved by ourselves, and (2) international problems which cannot be solved by any one nation, but can be solved only by the complete and frank merging of interests which interrelate. Such problems are the gold problem, tariffs and the dislocation of markets.

There is here a reference to the psychological factor as well as the economic, and may I, in speaking of the psychological factor, ask those who are advocating the course set out in this subamendment whether the credit of Canada in the eyes of the world would be improved if to-morrow an announcement were made that this country had decided to inflate its currency? I do not believe it

would, and I do not believe my hon. friends feel that it would. Then if it would not, why should we pass this particular subamendment at this time?

The question of a managed currency is a very large one. They are experimenting with it to a considerable extent in some countries, in Great Britain, for instance, at the present time. But Great Britain has back of her an experience in international finance that no other country in the world has, and an experience in the matter of banking and currency which no other country in the world possesses. Can we not afford to wait a little and see how the experiment works out in Great Britain before seeking to oppose our efforts to hers or to rival her efforts by our own? That is the point I wish to bring out at the moment.

May I add this further fact? Great Britain, as the hon. member for Southeast Grey (Miss Macphail) has indicated, is experimenting with managed money. But has she experimented with inflated currency? Has she ever attempted to meet her currency problems in that way? She has not. Well, if Great Britain is to be cited as an example worthy of emulating, I think we might emulate her in that particular as well as in others. I do not, however, wish to dwell unduly on this point. I merely wish to point out that there are strong reasons for hesitating to accept this particular amendment at this time, not by any means with a view to indicating that we are not sympathetic to a study of the problem, or as indicating the absence of a desire to see some measure of reform effected, but just because we have to deal with things in the light of conditions as they are in this country and in this house at the present time.

Furthermore, the method suggested in the subamendment, if put into effect, would, I believe, defeat the very ends which its advocates themselves have in view. What does the subamendment say?

> That . . . our financial system should be nationalized, and provision be made to issue immediately sufficient money to bring the value of the dollar as speedily as possible to that point at which the major portion of our debts were incurred during the war.

To do it immediately—to do it speedily—to issue sufficient money to bring the whole thing up to the desired level at once. What would be the effect of that? What about all the wage-earners in this country and those with fixed incomes generally? If this course were followed, every one of them would be affected adversely. Every person on fixed income or on a wage, if the currency were to be speedily and immediately inflated, would be the loser. I venture to say that those who have framed this amendment would not wish anything of the kind. It may well be that inflation, properly administered, might, in certain circumstances, help to meet a situation, just as the administration of some kind of a drug may help to have a certain effect upon a patient if given in sufficiently small doses over a long enough period of time. But to try to inject the drug all at once and work an immediate cure, might only kill the patient; and, with all due respect to my hon. friends, I am afraid that such would be the effect if the course they here propose were to be put into force as they suggest all at once.

Apart from the reasons I have mentioned, it can hardly be expected that we of the Liberal party, no matter how sympathetic we may be with the desire to see currency problems properly dealt with, questions of credit, gold and the like properly studied, and such action taken as can properly be taken with respect to them—it can hardly be expected that we can support a subamendment which asks us to reject all that we have in our own amendment and to support what is given to us instead. There is no reason why, because each of us cannot get his own pet panacea accepted, we should seek to rule out everything else. We have said nothing in our amendment about a number of other important problems for the simple reason that over and over again, where an amendment has referred to more than one question, we have been told by those who are criticizing us to-day that our amendment would have been very much improved if we had confined it to one question instead of referring to a great number. For that reason, among others, we have drawn our amendment in the form in which we have.

I come now more in detail to the amendment which the Liberal party has presented to the house.

Mr. IRVINE: I should like to ask a question, although I hesitate to interrupt the right hon. gentleman. Would he not admit that if the subamendment were followed, as he has been outlining it, it would help those in debt? Does he not realize that managed currency does not mean an inflation of the type he describes?

Mr. MACKENZIE KING: Managed currency may not mean an inflation of the type I have described, but the amendment of the party to which my hon. friend belongs does mean that. It is with that aspect of the

matter I was dealing. With respect to managed currency I have suggested it would be much wiser, before experimenting ourselves, to wait and see what happens as a result of the experiments now taking place in Great Britain.

In regard to helping those who are in debt, I cannot believe any course that is not fundamentally sound is going to be of lasting benefit to anybody. It is only that thing which is fundamentally sound that, in the long run, will be of any real service to the great body of our people. I think one fundamentally sound step would be to bring high tariffs down to something like a level which would permit trade between this and other countries. That is why the Liberal amendment stresses the present tariff position in Canada. It draws attention to the fact that the tariff is far from what it should be, if trade is to exist on any scale in this country.

I realize our amendment has been criticized on the score that it does not deal with more than one subject. I hope I have already answered that point sufficiently.

Another objection raised, by hon. gentlemen opposite, and by some people outside this House of Commons, is that we are debating over and over again, the old question of tariffs. We are asked: Are we going to stick to orthodox economics, as they are called, instead of breaking out into new fields? May I point out, in the first place, that the tariff issue in Canada to-day is altogether different from what it has ever been in this country before. Would any of the former leaders of the Conservative party regard the present tariff as a protective tariff, would they not regard it as a prohibitive tariff? You will find, in their utterances which appear over and over again in Hansard, the statement that they see no necessity for a protective tariff being raised to the point where it becomes a prohibitive tariff. The tariff as we have it to-day is different from any tariff that has existed previously in Canada. It is out of all proportion and beyond the bounds of common sense with respect to the requirements of industry and the needs of this country. It has been made what it is deliberately and for a specific purpose. It was made in its present form to enable the Prime Minister to adopt his blasting tactics, as he has termed them, in order, as he believes is possible, to force other nations to change their attitude towards Canada. It is part of the paraphernalia of economic war in which the present administration believes.

It is the method the present government has deliberately chosen to deal with our economic problems. We have blasting on the one side, and blockading on the other. I would remind hon. members that blockading is one phase, and blasting the other in economic war. We are blockading our ports. The ports of Canada to-day are blockaded against the entry of goods as effectively as has been many a port during a time of war. The trade coming into this country and going out of it as a result of the increased purchasing power which might come from those who sell their goods abroad are alike affected by the blockade. I say the question is entirely different from the one with which Canada has been faced at any previous time.

To revert to the Liberal amendment more in detail; will hon. members opposite deny that the changes in the tariff have been arbitrary? What about the fixing of the values of gasoline; what about oak flooring; what about electric fixtures; what what about a multitude of other things we have heard discussed in this chamber? Will anybody say those changes have not been made arbitrarily? Will any hon. member in the Progressive party say those changes were not ill-considered? Will members of the government say they have not been ill-considered? If they were not, why in many cases did the government change them the day after they were put in effect, as they did first of all with respect to the prohibitive duties on glass. We know that innumerable changes were made one day and in some form or other were changed by the government either the next day or a short time afterwards.

What about the regulations in regard to the pound sterling? One course must have been right, and the other wrong, or one would not have been changed for the other. We know the government did not take only one course with regard to the pound sterling; it did one thing one day and another another. One of those changes must have been ill-considered; I leave it to the government to say which one it was. Will hon. members say there have been no inordinate increases in the tariff? Let me mention a very few things. By way of example, there is the duty on silk georgettes, of 85 per cent; on crepe de Chine, of 70 per cent; on cotton backed silk, of 96 per cent; on pongee silk, of 125 per cent; on men's worsteds, 60 per cent; on French serge, 63 per cent, and on men's woollens, from 85 per cent to 140 per cent. I select that list because it affects the clothing of the people in Canada which represents a serious item of expenditure in the cost of all. I might run through other tariff items and show where

changes have been made of 50 per cent in some cases, 100 per cent in others, 150 per cent in others, 200 per cent in others and 250 per cent in others. If those are not inordinate increases, what could be considered inordinate? I do not think I need describe the effect of such tariff increases on industry, because that ground has been well covered by hon. members who have already spoken in this debate. Will anybody say the fixation of the tariff in the manner in which it has been done, namely by order in council, has not had a serious effect upon the business of Canada? Will anybody say it was ever intended by the constitution of this country and those who had to do with the framing of the British North America Act that the making of the tariff should be transferred from this House of Commons to the cabinet in the way it has been transferred by action of the government itself.

I do not at this time wish to debate the constitutional question which arises in this connection, although I think time might be well taken in a discussion of that matter.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. gentlemen opposite laugh; they laugh at anything which affects the constitution, because nearly everything being done to-day on any large scale by hon. gentlemen opposite is subversive of the constitution. May I point out to them that when they talk about parliament being supreme they forget that parliament is supreme only within certain limits. Whatever supremacy the British parliament may have with regard to matters in general, we in Canada, until we amend the written portion of our constitution—and we are supreme in the sense that we can amend it at any time we wish—until we amend it we are subject to it, and it is only within the limits of the constitution as there set forth that we are free to act. Will hon. gentlemen opposite say that this Dominion parliament, in its supremacy, can make laws with respect to those matters which by the constitution are assigned to the provinces? They will not. There is a limitation to the supremacy of parliament in the constitution. What is the difference between the limitation upon the executive as embodied in the constitution, and the limitation which I have just described. The constitution sets forth certain legislative powers. Those powers are confined to the two houses of parliament and the King's representative. That is the only body which can legislate with respect to anything, and particularly with respect to taxation. Another section of the act deals with the powers of the executive, and there is not a word which gives the executive power to legislate. Similarly there is another section dealing with the powers of the judiciary. I do not know whether hon. gentlemen will say that under the act, as it now stands, parliament in its supremacy can transfer to the judiciary, legislative powers. They could in Britain, if they wished to do so, under the supremacy of parliament, and nothing intervening to restrict them. We in Canada could do so if we wished, but we would first have to amend the British North America Act. When it comes to the imposition of taxation there is no right either constitutionally or legally which the government has to impose taxation in the form of duties by order in council, I care not under what authority they may claim that right. It is a right that might be given were the constitution so amended, but it is not a right that at present exists. There is no authority whatever to do anything of the kind. I think that the business houses which are asking the government to give them a fiat to test in the courts whether they are not entitled to compensation from the crown for the hundreds of thousands of dollars of which they have been robbed by the orders in council which have been passed are perfectly right in their contention, and that they should be given such permission.

Let me read what the president of the Robert Simpson Company has had to say in this regard. I refer to this particularly because the Robert Simpson Company is only one of many large commercial houses scattered throughout the country, whose business interests have suffered by unwarranted action on the part of the government; these commercial houses employ as large numbers of people as do our factories, and they also serve the consuming public in quite as effective a manner. In his last address to the shareholders of his company, the president of the Robert Simpson Company said:

> The new tariff changes have penalized us seriously. Especially is this true in respect of those schedules which provided specific duties, revaluations of certain articles, revaluation of depreciated sterling exchange, and other currencies, and the wide application of dumping duties in respect to these valuations, as well as in respect of exchanges covering shipments of American and European purchases, whose currencies continue on the gold basis. The trading loss to us in 1931 ran into several hundred thousand dollars. The drastic contraction in imports—the practical prohibition of operations, which for many years have contributed greatly to the economy of business as a whole—presents a very serious problem.

There, I submit, is one of the strongest reasons why the amendment which we have

before the house at the moment should receive the support of all who believe in confining legislation on tariff matters to the commons, and in doing away with the practice which has grown up under this administration of egislating on the tariff by orders in council.

Referring again for a moment to what is termed the timeworn discussion of orthodox economics may I say that nearly all the great questions which have occasioned controversy during the years are of that character. What is older than the question of the relative values of socialism and individualism? The whole argument for each will be found in the writings of Plato on the one hand and of Aristotle on the other, and from their time down to to-day the economic organizations of the world have been debating the relative values of those two opposing forms of social organization. Similarly they have been debating whether or not high or low tariffs or no tariffs at all were the better policy for the country concerned. No apology need be offered for bringing up what although an old question, at this present time arises in a form in which, in Canada, it has never hitherto arisen.

I have already drawn attention to the fact that we have brought forward this amendment because the subject is something we can deal with ourselves in a practical way. We can deal with it in a way that will help relieve the burdensome condition of the taxpayers of Canada and will be of service in many other directions.

A great deal has been said about Canada pointing the way. The Minister of Finance himself in his speech said he hoped that we would point the way at the coming economic conference. While the countries of the world to-day are seeking for a lead, particularly in the matter of the lowering of tariffs, why should we in this country run in the very opposite direction of putting up tariffs to a point higher than they are in any other country of the world at this time? We know moreover that high tariffs are no remedy for industrial ills. We know that in Australia and in the United States—countries that are cited over and over again as being high tariff countries—the condition of unemployment is, if anything, worse than it is in this country. We have our own experience in this matter. To-day we have the highest tariffs that Canada ever had, and we have the largest amount of unemployment we ever had. Moreover, in Australia, the people are rebelling against high tariffs. I have here, although I will not take the time to quote from it, the report of the tariff board of Australia, which was presented to the Australian parliament a short time ago. That report is one of the strongest condemnations of high tariff evils that has ever been put out by any public body. It condemns high tariffs, shows how they have operated against the interests of the people of Australia, against even in many cases the interests of the very manufacturers themselves in whose behalf they were supposed to have been passed; it outlines the abuses to which high tariffs have lead, and it states, just as a former premier of Australia, Mr. Bruce, stated recently in London, that high tariffs have had their day, and that no good could be expected from them in the way of helping either industry or social conditions.

Moreover, in this country we have had the example of a practical test of the relative value—of high and low tariffs in periods of depression. When the Liberal administration came into office over ten years ago, Canada was in the throes of an industrial depression. Did we put up the tariffs? On the contrary, we lowered the tariffs—lowered them with respect to the duties on the implements of production, lowered them with respect to many things affecting the necessaries of life, lowered them in a way which would help the producers of the great basic industries and consumers generally. And what was the result? In a little time our trade began to increase, it increased, and increased, until it exceeded the bounds of anything that had been known in the way of trade and commerce since confederation. With that example before us there is no necessity of making an experiment in an opposite direction for a longer period than that experiment has already been in operation.

The Prime Minister has referred time and again to using the tariff as an instrument of national policy. He has said that it should be used to afford equality of opportunity, that is should be used for the purpose of fair competition, and in that connection he always cites the manufacturing interests of the country. May I say that I agree with him that regulations should be made to prevent dumping; I also agree that the tariff can be used, and ought to be used, effectively to safeguard the legitimate standards of labour in this country. But my right hon. friend goes further; when he says we should use this instrument as a means of bringing about what he calls "fair competition and equal opportunity," he extends the tariff to unconscionable heights in an effort so to do. I put this question to him: If the tariff can be used as an instrument of national policy by raising duties to help the manufacturing industry of this country, why might it not also be used as an instrument of national policy

to help the great primary, basic industries of the country in their production by lowering the duties? If it can be used as an instrument of national policy by increasing duties, it can also be used as an instrument of national policy by decreasing duties. I think the time has about come in this country when what is most needed is a tariff which will help us export commodities, rather than a tariff that will help to prohibit importations. But to be just and effective, a tariff of the kind would require as an auxiliary something in the nature of a tariff board the membership of which would have knowledge of conditions in other parts of the world. Last year we heard a great deal about the necessity for a tariff board. We were held here for days by the government insisting their bill should go through in the form in which it was drafted, assuring the members of the board ten years of office no matter what happened. What has become of the board? We have heard nothing further about it. If there was ever need of a tariff board it was when the currency question was to the fore in Great Britain. If we had had a tariff board at that time we would not have taken the slam we did at Great Britain in the year we are to have her representatives here to meet us and other representatives of the Empire in an economic conference. Our friends opposite treated Great Britain in a way that our neighbours to the south, another great competitor of Great Britain, did not begin to do.

May I stress as a further reason which I think ought to appeal to all this year—the figures which I have given of the effect of the tariff as it is upon revenues. There is no doubt at all that the revenue of this country has suffered tremendously through the customs receipts having fallen to such a low point. Why should we impose additional taxes on the great body of the people, direct taxes in the form of sales tax, income tax and the like, when by a reversion to a moderate tariff, we may have a tariff that will serve all the purposes that are needed in the way of protection of industry, that will also help the great basic industries by permitting something in the way of competition within the country, that will be of service to the great consuming public as well, and will at the same time help to give us much of the revenue which we need at this time. These are the reasons which have actuated us in bringing forward the amendment in its present form.

There is one other matter with which I would like to deal, and it brings me to the final part of what I have to say. I refer now to the forthcoming Imperial conference. That conference is going to deal with questions of trade, and of tariffs as affecting trade, more than with any other questions. That is the strongest of reasons, if there were no other, why the amendment which has been presented should be brought before the house at this time.

In regard to the Imperial conference, may I say first of all that nothing is going to be gained by exaggerating the significance of that event. It is a great event, a great national event, a great inter-imperial event, and let us hope it will prove to be also a great international event, but nothing will be gained by saying it is the greatest event since the Reformation. Nothing will be gained by saying it is going to mark a new dispensation. Nothing will be gained by saying, as the Prime Minister himself said when he landed in Halifax last December, that it will be the greatest event of the kind that ever occurred within the empire. I do not think this exaggeration is going to help things at all. Let us hope the conference will help to increase trade between this country and the other parts of the British Empire. If it does that, it will be a great event; but this object will not be helped along by super-exaggeration.

If it is to be the great event that hon. gentlemen opposite say it is to be, is it not surprising that, up to the present time, though we are within three months of the event itself, and I hope within three weeks of the prorogation of this parliament, we have not thus far had any discussion of the questions that are to come before the conference. The government has not brought forward any statement with regard even to the agenda, and when we have asked for information we have received only curt, and, I might almost say, rude replies. If the event is so important, I submit that this house is entitled to a little more information than we have had up to the present time in reference to it. A day or two ago, I asked the Prime Minister if the agenda had been prepared, and if we could be told anything about it. I also asked whether committees had been formed here in Canada. What was the reply? The reply was that we could not get any particulars with regard to the completed agenda; nothing was said about any other particulars. With regard to the committees, we were told that it was not in the public interest that it should be made known what these committees were. We were told that there were committees, but it was said that it was not in the public interest to disclose who composed the committees or what they were doing. I submit that such information is very much in the public interest.

More than that, I say that the moment the Prime Minister made that statement, the government recognized it had been a mistake, and took good care to see that the error was rectified by the leader of the party in the other house. On the day following, the leader of the government in the Senate gave to that chamber, and through it to the country, a fairly complete statement of what he said he understood were the different committees that had to do with the business of the conference.

May I direct attention, Mr. Speaker, to this fact: The treatment of the house this year, with regard to getting information on these matters, is no different from the treatment of the house in other years. Hon. gentlemen opposite I assume would like to have the cooperation of those on this side. I ask how can they possibly expect cooperation, and how can it conceivably be given, if we are told nothing whatever about the subjects on which we are to cooperate, and if we are denied even the views of the administration with respect to what they intend to put forward at the conference? I do submit that it was an indignity to hon. members of this House of Commons that they should be denied information which the government found it necessary to give to the Senate on the following day.

But this conference is only the postponed conference of 1930. In September of that year, I asked a question of the ministry with regard to the agenda of the conference then about to take place. I was told by the Prime Minister that we could not have the agenda, that it was a secret matter and he did not intend to give it to the house. The hon. member for Bow River (Mr. Garland) addressed some other questions to the Prime Minister, as to whether there would be an opportunity to discuss the agenda and whether he might be told certain things about it. He also received a reply which was to the effect that it was none of his business, and none of the business of any of us on this side of the house to discuss matters pertaining to the Imperial conference. Let me show how differently an opposition is treated in the parliament of Great Britain. On July 30, 1930—and remember it was in September that our Prime Minister said that he could give us no information, because it was a secret—Mr. Stanley Baldwin, who was then leader of the opposition, directed a question to the then Prime Minister. I am quoting from English Hansard for July 30, 1930, at page 474:

> Mr. Stanley Baldwin asked the Prime Minister whether he is in a position to make any statement as to the agenda for the Imperial conference?

[Mr. Mackenzie King.]

> The Prime Minister (Mr. Ramsay MacDonald): The Imperial conference will afford an opportunity for a general review and discussion of all matters, both in the political and economic spheres, of common interest to the members of the British commonwealth under the following heads:
>
> (1) Inter-Imperial relations.
> (2) Foreign policy and defence.
> (3) Economic questions.

Then are set out the details of what would happen on the political sphere, followed by details with respect to the economic sphere. They are given under headings, and I think I had better read those main headings to the house, because this was the agenda of 1930, and we shall in all probability have exactly the same agenda in 1932 because this is the postponed conference. If the Prime Minister of the country cannot give this information to the house, perhaps, on this occasion, the leader of the opposition may be permitted to do so. Here is the agenda:

> On the economic side of the following will be the main headings:
>
> (a) General question of the trade of the empire, including capital investments and establishment of branch industries, the effect of successive tariff changes and the extent and effect of inter-imperial tariff preferences, and also of other factors such as cartels, etc.;
>
> (b) bulk purchase and price stabilization;
>
> (c) development of inter-imperial trade by trade commissioner services, exhibition and general publicity;
>
> (d) oversea settlement;
>
> (e) the past and future work of the Imperial economic committee, the Empire Marketing Board and the Imperial Institute;
>
> (f) questions of cooperation in agricultural research (including cotton growing), forestry and minerals;
>
> (g) special meetings of experts on industrial research and standardization;
>
> (h) Transport and communications, including review of the work of the Imperial Shipping Committee and the Oversea Mechanical Transport Council, survey of steamship services, development of civil aviation, cable, radio, broadcasting, postal and news services. Under this heading would come also the question of the proposed agreements relating to merchant shipping legislation recommended in the report of the conference on the operation of dominion legislation.

Why could not that agenda have been given to this House of Commons at the beginning of this session as well as at the special session of 1930? It was given to the British House of Commons in July, 1930. They make no secret of the agenda in Britain; they have been discussing it from day to day. But I think I know the reason; it is that hon. gentlemen themselves are not familiar with the agenda and have given little or no study to it.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: May I direct attention to the question I asked the Minister of Immigration (Mr. Gordon) a day or two ago and to the minister's reply. I refer to Hansard for April 22:

Mr. Mackenzie King: I would like to ask the minister one question. Could my hon. friend tell us whether the subject of migration and settlement within the British Empire will be one of the matters taken up at the forthcoming Imperial conference?

Hon. W. A. Gordon (Acting Minister of Immigration and Colonization): That hardly comes within the scope of this item, but I imagine matters of that character will be discussed, though to what extent or from what angle I am not prepared to indicate at the moment.

Mr. Mackenzie King: As I understand it, then, the minister's reply is to the effect that he imagines this may come up but at the present time he cannot say.

That was the position of the minister who deals with the question of settlement. The question of oversea settlement, immigration, in other words, is to be on the agenda for discussion, and all the minister can tell us is that he imagines it will come up. If that is the position of the ministry with respect to one subject on the agenda, what may we think of its present position with respect to the other subjects? I suppose each minister, if asked, would reply that he imagines the matters in which he is interested will come up, but that he cannot say. Yet we are within three months of the opening of the conference. I say to the Prime Minister that from one end of this country to the other, there is indignation being expressed at the lack of preparation on the part of the government for this important event. It is felt in this city more than anywhere else. There are officials who know that, at the last moment, they will be expected to furnish this and that in the way of information, but not until a day or two ago, when this question came up, were they told anything about what they will be expected to have in the way of preparation.

Mr. CAHAN: Is that statement true?

Mr. MACKENZIE KING: That statement is true.

Mr. BENNETT: It is absolutely untrue.

Mr. CAHAN: I do not believe it.

Mr. MACKENZIE KING: My hon. friend may not believe it, but I know in a very direct way that there has been a good deal of complaint that very little has been said.

Mr. CAHAN: I cannot help that, but that statement is utterly untrue.

Mr. BENNETT: Absolutely.

Mr. MACKENZIE KING: I think I have the right from what I have heard to make a statement of the kind, and I repeat it.

Mr. CAHAN: Not an untrue statement.

Mr. MACKENZIE KING: Officials in the departments of the government are worrying themselves over the question of how at the last moment they are going to get data which they ought to have been asked to prepare not one or two months ago, but a year ago. If such is not the case, why did not the government make a statement about this matter before?

Mr. CAHAN: The officials have not taken that view.

Mr. MACKENZIE KING: My information is that the matter has been left pretty largely in the hands of the Canadian Manufacturers' Association. I have been told that a committee of that association has been meeting with committees from Great Britain, and, between them, they are trying to see how they can divide up the trade in manufactured articles between Great Britain and this country. I say to hon. gentlemen opposite that the people of Canada are not going to be satisfied with a mere division of interests, so far as the manufacturers are concerned, between Great Britain and Canada as a solution of the trade question as it concerns those parts of the empire. I challenge hon. gentlemen opposite to deny that that is the kind of investigation being held at the present time by officials or agents of the manufacturers' association.

Mr. CAHAN: I know what the manufacturer's association is, but I know the statement as applied to them is untrue.

Mr. MACKENZIE KING: May I repeat that, if this conference is the important matter which we know it to be, then the House of Commons should have had at the very beginning some intimation from the government as to what its policies were going to be, and that there should have been long before this an opportunity for discussion of the matters relating to the conference. We were told by the Prime Minister that we would have an opportunity to discuss matters pertaining to the conference when the house in committee was considering the vote for $250,000 to meet the expenses of the conference. One moment is to be left for the discussion of matters relating to the conference, and yet these matters cover the great questions of tariff, trade and migration. We have thus far had no chance whatever to

discuss them, nor have we had the slightest intimation from the Prime Minister as to what the policy of the government will be when the time comes.

In support of what I said a moment ago in connection with the artificial division between Great Britain and Canada of the trade in manufactured articles, I contend that this is no new idea, nor is it one devoid of grave objections. I suppose as strong an advocate of British preference as there has been at any time was the late Lord Milner. Speaking in Montreal before the board of trade as long ago as 1908 Lord Milner said:

> And as regards the position between Canadian and British manufacturers let me say just this: A good deal of harm was done at one time by the idea that the policy of preference aimed at an artificial division of industries between Canada and the United Kingdom, certain kinds of manufactures being, so to speak, appropriated to Canada, and the United Kingdom being left undisturbed in the exercise of others. I do not believe in such an artificial limitation, but I do believe that, with reasonable tariffs and mutual preference, there will be something like a natural adjustment.

The artificial arrangement which we hear of as being contemplated is something along those lines. In textiles for example, there are certain grades of very high quality which we do not manufacture in this country. Great care may be taken at the conference to see that these are left with British manufacturers. They will be allowed to come in at low rates of duty, and the well-to-do benefited thereby. On the other hand, there are coarser grades which affect the great body of the people, and great care may be taken to see that these are protected from anything in the nature of competition from Great Britain. Other things might be mentioned as well. But this is the kind of thing which is being currently rumoured, and perhaps the Prime Minister will tell us when he speaks, whether or not the rumours are true. I repeat that the people of Canada are not going to be satisfied with any artificial division between this country and Great Britain. What will be expected from the conference will be a greater opportunity to trade with Great Britain in a perfectly free and natural way.

If the conference is to be a success, there are some things that are fairly self evident. There will have to be a change in the way of doing things from the way in which many things were done at the time of the last conference. In the first place, there will have to be a better atmosphere created than was created prior to the conference in Great Britain. We all recall, and recall with a great deal of chagrin, the atmosphere which was created prior to the economic conference in

1930, and as a consequence of which the conference, in the words of another former prime minister of a British dominion, was a complete tragedy. That is the way it was described by a representative of another part of the empire; the conference of 1930, viewed from the economic side, was considered to be a tragedy. If that tragedy is not to be repeated, we must not have a repetition of the circumstances which led up to it

First of all there was the raising of the tariff immediately in advance of the conference. Let me say again that I cannot understand the point of view of hon. gentlemen opposite when, just on the eve of the meeting of this conference, on top of all they have already done in the way of raising the tariff, they add a two per cent tax against all goods coming into Canada from Great Britain, and this at the very moment when Great Britain, in imposing her tariff against foreign countries, takes care not to put a single cent of new duty against goods from Canada. When the British House of Commons was discussing the question of tariffs, an hon. member moved that there should be a certain tax levied against the dominions, as well as against other parts of the world. I suppose he had in view somewhat the same idea as our Prime Minister prior to the last conference—that there would be a certain bargaining value in such a step. What did Mr. Thomas, the Secretary of State for the Dominions, say? He rose in his place and stated that such action would be an insult to the dominions. That shows how the British people must feel in regard to the action of hon. gentlemen opposite. They feel that the putting of a tax against goods from other parts of the empire, immediately prior to the conference, is an insulting thing. I do not think the term is too strong to use at a moment when members of the same family are about to meet together to consider how they may best further each others' interests.

In addition to the necessity of a change of atmosphere, there will have to be a very distinct change in the method of approach. We remember the Prime Minister of Canada going to the last conference, and, before any discussion had taken place, stating to all and sundry the basis upon which alone Canada would be prepared to negotiate. I hope the Prime Minister of Canada will remember that this time Canada is the host and that his attitude, whatever it may have been while he was in Great Britain, will be a little different towards those who come to Ottawa from other parts of the empire as guests of the Dominion of Canada. What did the Prime

Minister say before the proceedings had started at the last Imperial conference? First of all, he said that he was the leader of the Conservative party in Canada; that the Conservative party stood for protection; that any policy he was prepared to consider must be based on protectionist principles; that the policy of his government was known as "Canada first"; that "Canada first" meant no goods would be permitted to come into Canada from abroad which could be produced or manufactured in this country; and that the only basis upon which he was prepared to consider any question of trade was that of what he called empire reciprocal tariffs. He gave his own definition of reciprocal preference, or "empire preference" to give the exact term he used. What was this "empire preference"? It was a preference to be created, not by reducing in any particular the existing rates of duty, but by adding to them to the extent of a ten per cent increase. He went a step further: He said he would not agree to discuss the matter with any part of the empire until all had adopted the principle of protectionist tariffs which would enable them to bring into being a reciprocal, empire tariff along the lines which he had indicated. Only on those lines could there be any discussion or consideration of the question. He went even further and said: We will not consider any alternative; no alternative that can be suggested will be satisfactory to us as compared with what we have proposed. What he had proposed was, in effect—this was exactly the way in which it was received by the British government—that Great Britain must change her fiscal policy, in consideration of which her people would be allowed to send to Canada such goods as could come in over a tariff wall which would keep out anything produced or manufactured in this country. That was what Mr. Thomas designated as "humbug." There must be no more "humbug", so far as the Imperial conference is concerned. If it is to be a success, all such methods of procedure will have very speedily to be dropped. My right hon. friend will not be able to get anywhere with his "Canada first" policy as a basis of negotiation within the empire. The people of Britain have already said, members of parliament of the mother country have already stated very emphatically, that they are not going to be satisfied with any trade agreement that will exclude from Canada all goods which can be produced or manufactured in this country.

I have not time to go into the matter fully, or to make clear the British attitude in that regard. I could quote at considerable length from statements that have already been given to the public. In this connection however I point out how different the attitude of Britain is from that of Canada. All the public men of the different political parties in Britain who have spoken have stated with one voice that so far as the conference in Canada is concerned, their representatives should come here, not riveted to any particular formula or policy, nor with the desire to get what they wish particularly for themselves, but rather with an open mind to try to discover what may be for the common good. Speaking in the British House of Commons on January 27, Mr. Thomas said:

> "We shall go there, not riveted to any creed or dogma but with a single-minded desire to effect a real settlement and I am sure the dominions will not only realize—as they do realize—the advantages of their association in the British Commonwealth, but if they reciprocate in the spirit with which we intend to go there, there ought to be no doubt of the success of the conference.
>
> "While it is quite clear," Mr. Thomas said, "you have what is called a conflict of particular interests, frankly I see no reason whatever why this conflict cannot be merged into a common recognition that the interests of all are more important than those of any section.
>
> "In that connection the British government will go to Ottawa quite prepared to depart from certain well known principles that have hitherto existed in this country. In fact there will be no embargo, so far as the British government is concerned, to the points of policy they will be prepared to discuss.
>
> "But having said that from our point of view it is equally necessary to keep clearly in mind that we have a very distinct point of view and interest in the policy of the dominions themselves. No conference will be successful, lasting or beneficial if it is assumed that all the concessions will be on one side."

Later, on February 22, he said:

> Don't let us go to Ottawa in a haggling spirit, but let us go and see what we can throw in the common pool for the benefit of all.

I might quote similarly from Mr. Neville Chamberlain, Sir Austen Chamberlain, the Right Hon. Stanley Baldwin and numerous other speakers, including some of the premiers of the other dominions. Let me take, by way of example, Mr. Forbes of New Zealand who, in an interview given to the press on February 25, said:

> In accordance with her traditional practice in empire affairs New Zealand will not go to Ottawa with any desire to bargain unduly with Great Britain. Any bickerings over tariff questions will be avoided at all costs.

And so, with respect to every voice that has come from across the water to this side, there has been the note that those who attend the conference are coming not wedded to any

particular policy, but with an open mind to see how they can further to the greatest degree possible the well-being of all.

Before this debate is concluded, the Prime Minister should give us the assurance that Canada's attitude will be of like character, that she will enter this conference with a perfectly open mind, and will not hold to the theory that the only goods to be admitted to this country from Great Britain will be those which will come in over a tariff high enough to keep out those things which are produced or manufactured within our own borders.

If this conference is to be a success, the Prime Minister will also have to give up the idea of seeking to make his adjustments with Great Britain on a bargaining basis. I should like to have said a good deal about this idea of bargaining as a means of negotiation between countries. Whatever may be said about bargaining between Canada and foreign countries, the same arguments do not apply to an attempt to bring about agreements between this country and the other British dominions, and, in particular, they do not apply to an attempt to bring about an agreement between the mother country and Canada. An attitude very different from that of bargaining as commonly understood will have to be taken in connection with Great Britain at this Imperial conference if the conference is going to be a success. I hope the Prime Minister, when he speaks, will give to the Canadian people an assurance that, in seeking to arrive at an agreement with Great Britain, he will proceed, not on a bargaining basis, but more in accord with the attitude taken in this country during the last thirty-three years in negotiations with Britain with respect to tariff preferences.

There are two methods of tariff preferences: one, the granting of preferences by voluntary act; the other, a reciprocal preference arrived at as a result of joint agreement. A reciprocal preference leads to what is known as a locked agreement, one which sets out in specific terms the basis of trading, necessarily restricting the matter of trading as regards both time and the number of commodities, and also limiting, to some extent, the freedom of the nations concerned to trade with the other countries of the world. Such agreements will not help to strengthen the ties of the British Empire and they will not help to improve trade relations between this and the mother country. For thirty-three years Canada has granted to Great Britain a voluntary preference. Now that the British government have changed their fiscal policy, they, too, are in a position to grant a voluntary preference to this country; and they have done so. That is their attitude as indicated at the present time. I submit that, at the conference, Canada's interests will be more substantially furthered if the results attained are brought about by voluntary concession through concurrent legislation than by means of locked agreements between Great Britain and this country. I believe that is the view held by the Canadian people generally.

The bargaining method is based on the theory that trade is in the nature of war, rather than of exchange. The Minister of Railways and Canals (Mr. Manion), who I see smiling at what I say, just about two years ago remarked that trade was war. I corrected him at the time by pointing out that trade was in the nature of exchange.

Mr. MANION: The people corrected my right hon. friend.

Mr. MACKENZIE KING: He should change his theory in that regard. Especially so far as the mother country is concerned, let us seek to negotiate on a basis which will have regard for trade as in the nature of exchange which is mutually beneficial and which were it otherwise would not be engaged in. Similarly may I ask: Why need we seek to further trade by means of limited agreements, these locked agreements that I have indicated, restricting negotiations in other directions, when to the degree to which the countries interested consider such action advisable it is possible to have that free flow of trade which comes from the removal of tariff barriers?

If bargaining is to be the basis of negotiations between Canada and Great Britain, then I ask on which basis is the bargaining to take place? Is it to take place on the Canadian basis, which has been described by the Prime Minister as the protectionist basis? The Prime Minister says: We will consider no bargain that is not based on the policy of "Canada first." If we are to negotiate on that basis, it means that Great Britain will have to put up her tariffs against Canada to a point equivalent to that at which Canada has put up her tariffs against Great Britain. That will prove to be a very serious thing for this country. What benefit shall we derive in Canada from an arrangement which will not permit any increase of trade worth having, and which, moreover, will threaten the very important position which we now hold in the British market.

I suppose hon. gentlemen opposite are familiar with the fact, that, while Great Britain has a twenty per cent tariff as against foreign nations, there is a provision that that tariff does not come into effect, so far as

the dominions are concerned, until the fifteenth of November next. But on the fifteenth of November, unless in the meantime an arrangement has been made which is satisfactory to Great Britain, that twenty per cent tariff as matters now stand will apply against Canada as well as against foreign countries. In what position will we then be in regard to our markets in Great Britain? Great Britain has kept her bargaining power very much in reserve but it is none the less very real. She has said that nothing will take place, so far as the dominions are concerned, until the fifteenth of November, but, as I understand the provisions of the British import duties, this twenty per cent tariff will then become applicable against Canada and the other dominions, subject to any special arrangements or modifications that may be made at the Imperial conference. That is a very serious thing. Nothing could be more so.

I ask then, if you are not going to negotiate on the protectionist basis which is Canada's present basis are you going to negotiate on the free trade basis which is the basis that Britain by her present attitude is evidently prepared to adopt? The Prime Minister of Canada has already said that he will not consider the free trade basis at all. As a matter of fact, the basis Great Britain has before her at the present moment is the free trade basis, with no duties at all against goods coming in from the dominions. But the Prime Minister at the Imperial conference said: No, we do not want any free trade within the empire; that will defeat the very object we have in view. Well, if he is not going to negotiate on a protectionist basis, or on a free trade basis, he will have to negotiate on a basis which is somewhere in between the two; I wonder where the Prime Minister is going to get in the period of time that the conference will sit trying to negotiatate on some basis somewhere in between the two?

The Prime Minister and the government would be well advised to drop altogether this idea of seeking to bargain with the old country in any arrangements that they make at the conference. They would be well advised to take a generous attitude in the matter of trade which will enable British commodities subject to the provisions of a revenue tariff, to come into this country and be of service to our consumers and to those engaged in the great basic industries, and thus in turn enable our commodities to find a place in the markets of Great Britain and elsewhere throughout the world.

Another thing my right hon. friend will have to forego is this attitude of his that there can be no alternative proposition. The last time Great Britain hinted at a quota as a possibility, Britain was told the proposition could not be entertained. The Prime Minister will have to examine the quota question very carefully, and my advice is that he examine quotas very, very carefully to make perfectly sure that the quota, after all, is going to serve Canada to the extent to which the Prime Minister when he returned from England at the close of last year said that it would.

A further matter my right hon. friend will have to change is legislation with respect to the tariff by order in council. I think he has already received word from the British government that it is impossible to make any trade arrangements if the government is going to retain in its own hands the right of fixing specific duties and putting on commodities valuations of its own for duty purposes; in other words, if the government is going to retain in its own hands the power to change the tariff from day to day. That is something the Prime Minister will have to change if any successful arrangement is to be made at the conference.

My right hon. friend will also have to change his theory of making Canada a national economic unit—this idea that Canada should be made a self-sufficing unit, producing within its own borders everything that it needs. That conception comes from the time of the ancient Greeks and the Greek city-state, when the state and the city were one and the same. The city-state of the day had to be self-sufficing because of the political and social organization of the age. But in our time the countries of the world are all interdependent, and the economics that are going to suit the present day are those which relate to the interdependence of nations, rather than to the idea of single states as national economic units. But what is the idea back of this theory of Canada as an economic unit? It is entirely a protectionist device to enable the government to keep out as much in the way of trade as it is possible to keep out of this country.

The economic unit idea, so far as Canada is concerned, is linked up with another economic unit idea which the Prime Minister might just as well dismiss as a subject of discussion at the conference, and that is the conception of the creation of an imperial economic unit. That is another theory which imperialists have held for a great many years—the idea of

making out of the British Empire some kind of imperial economic unit.

The Prime Minister, when he came back from England last December, talked about an end to the idea of the empire being a political unit. He said we must now seek to make of the empire an economic union; the term "economic union" and "economic unit" are interchangeable. The mere fact that the Prime Minister made that statement, and emphasized so strongly that the empire was no longer a political unit but must now become an economic unit, made me think at the time that, like the lady in Hamlet, he "doth protest too much."

I think what the Prime Minister has in mind is this very conception of the empire as an imperial economic unit. That is the significance, I believe, of the three per cent excise tax imposed by the combined impositions of the last and the present budget. I think what the Prime Minister is aiming at is to bring into being when the conference meets here, with the aid of others with whom no doubt he has already conferred, some kind of an imperial Zollverein whereby there will be imposed so far as all the dominions and Great Britain are concerned, an innocent looking little tax like this three per cent excise tax in order to unite them all in a manner which will also serve to separate them all from the rest of the world. The effort will be to have a similar tax imposed by Australia, New Zealand, South Africa, Newfoundland, the Irish Free State and Britain, to apply against goods coming in from foreign countries; so far as trade within the British Empire is concerned the effort will be to have it agreed that this tax will be wiped out by each part against the others. Or as an alternative means to the same end, a corresponding reduction made by each in its existing schedules. The country will then be told that within the empire tariffs have been lowered. If that is his objective, may I say that that will raise a very, very large question, one of the most serious questions ever raised in this country, because along with that idea is associated the conception of some form of fund—to be jointly and centrally administered; at one time the effort has been to create such a fund for the purpose of imperial defence, at another for the purpose of imperial organization, at another for the purpose of imperial marketing; it will be said to be, at this conference, for the purpose of imperial development. Always there has been some little fund to be devoted to imperial purposes. This time it will be to carry out this idea of making the empire a self sufficing unit. The proceeds of the 3 per cent excise will be the contribution to be made to the common fund. Once an economic unit is thus established, it is evident that to carry its policies into effect there will have to be something in the nature of a central organization at headquarters to administer the affairs of an economic empire; and the moment centralized policies are discussed there is an immediate return to the political empire which the Prime Minister says we have now got away from. Well, if we have got away from the political empire, do not let us attempt at the conference, or at any other time to bring about an empire that is to be centralized for economic purposes, because that will work just as much injury to the interests of the empire as the other kind of centralization will. So far as the empire's interests are concerned they will best be served by allowing each part of the empire to continue to enjoy complete freedom of fiscal control, a fiscal freedom just as complete as each part enjoys at the present time.

May I conclude by stating the positive course which I think ought to be taken by the government at the conference? That course, adopted in Canada thirty-three years ago, of giving a voluntary preference to Great Britain, was introduced in the year 1897 by Sir Wilfrid Laurier and Mr. Fielding. A preference of 12½ per cent was then given to Great Britain. The next year it became 25 per cent, and shortly afterwards 33⅓ per cent. When the late Liberal government was in office that preference was increased still further by a ten per cent discount on commodities, under the British preference coming into Canada through Canadian ports.

Hon. gentlemen opposite have sought to convey the impression that that preference was something given to Great Britain without benefiting Canada. That, however, is not the case. The preference was given in the form in which it was because Canada felt she would gain in trade, that trade itself was in the nature of valuable exchange, and would not exist unless it were beneficial to both parties. Through that arrangement Canada was giving a distinct advantage to her consumers in the cost of living and a distinct advantage to her basic industries in the matter of costs of production. Moreover, Canada was doing something to hold a good customer, a customer who was taking five times as much from her as she was getting from Canada.

As Sir Josiah Stamp said in his address, let us not seek to estimate the value of relations within the British Empire on any purely mercenary basis, but let us look ahead for generations, and realize that the attitude taken to-day may have repercussions in the years

to come which may be very serious indeed. I should like to have called the attitude of voluntary concession, all interests considered, the Canadian attitude. The statement of Sir Josiah Stamp describes the Liberal attitude in the matter of voluntary concession. I think at least I am justified in calling it the Liberal attitude in connection with the British preference, because the Liberal government initiated that policy, and the only increases given under the British preference in Canada have been given by Liberal administrations. I am prepared to concede, and am glad to recognize the fact, that every Conservative government since that measure was introduced, with the sole exception of the present administration, kept the British preference where it was. There was a decrease in the preference on one or two commodities for a short time during the period of the war. The fact remains, however, that the governments of the Right Hon. Sir Robert Borden and of the Right Hon. Arthur Meighen alike recognized that the policy of British preference was one to which in the circumstances as they existed no exception could well be taken, and one which was of great advantage to Canada. They maintained the preference and the method of its application had passed from the realm of partisan discussion and had become what many of us had hoped was a national attitude. I trust on mature consideration the government will feel that that is still the best attitude to take. I am sure, if they treat Great Britain in that spirit, they will get from Great Britain, so far as consideration for Canada is concerned, a much better arrangement and a much better bargain than they will get by sitting down and discussing particular items and restricting trade in one way or another through locked agreements reached as a result of bickering as well as bargaining.

So far as the Liberal party is concerned, we will cordially welcome whatever extension of trade between Great Britain and Canada the government may find it possible to effect. They may go into the conference with the feeling that so far as the opposition is concerned, we believe they will protect Canada's trade to the extent of seeing that no interests which should be carefully considered will be jeopardized, and that they may go as far as they like in the matter of the furtherance of trade among the different portions of the British empire. If they adopt an attitude of the kind I have described they may expect the support of hon. gentlemen on this side of the house. We will not, however, support any narrow, circumscribed view of the question of trade between Great Britain and this country. Our attitude has been made clear, and was made clear in the last budget of the Liberal party presented preparatory to the conference of 1930. Our attitude to-day remains what it was in 1930. That budget denoted a further lowering of the duties against Great Britain, with a view to increasing the preference and transferring to Great Britain trade which formerly had taken place between Canada and other nations. That change did not affect adversely a single interest in this country, and it would have helped very materially trade among the different parts of the empire.

There is one thing to which we will take exception,—and to which exception should be taken not only in Canada but in every dominion and in Great Britain herself—we will take exception to any tariff arrangement which will shackle the freedom of any self-governing dominion, or of Great Britain herself, in the matter of any trade arrangements which we or she or they may wish to make with countries outside of the empire. We will oppose any measure which may shackle and bind subsequent parliaments. No one has been more eloquent than has my right hon. friend in his statements that no one parliament should bind a subsequent one. He should, before the conference, make it clear to the people of Canada that he will see to it that, whatever arrangements are made, subsequent parliaments will not be bound so far as their fiscal freedom is concerned. Short of binding subsequent parliaments, of restricting or limiting freedom to trade with other parts of the world, of not failing to allow freedom of trade with the world in general to the extent to which we may wish to carry it on, the government may rest assured that it will have the support of the opposition in the furtherance of the largest possible measure of trade between the different parts of the empire that it can bring about.

At this point I should like to answer one representation my right hon. friend has made in other discussions. He said that the Right Hon. Sir Wilfrid Laurier had adopted a bargaining method similar to his own when he was in England in 1902, and the right hon. gentleman referred to a resolution then passed as evidence of the truth of his assertion, Sir Wilfrid Laurier did nothing of the kind. The situation in 1902 was this: Great Britain had placed a duty on foodstuffs coming from all parts of the world in order to raise revenue needed as a consequence of expenditures made during the South African war. It was a temporary measure for revenue purposes only. What Sir Wilfrid Laurier said was that Canada would expect Great Britain to remove the tax, so far as Canada was concerned, because we had given Great Britain a preference in our

markets. He urged that, at a time when Great Britain was imposing a tax, she should give us a preference in return for the preference we had given her. That attitude was vastly different from the one taken by my right hon. friend at the last Imperial economic conference, when he urged that Britain must change her fiscal policy and impose taxes before we would cooperate with her. Sir Wilfrid Laurier always said he felt perfectly sure that any time Great Britain changed her fiscal policy and as a consequence imposed customs duties, she might be depended upon to give Canada a voluntary preference, just as Canada had given her a preference. So I believe she will act, and so I am sure the people of Canada generally believe she will act. If in that spirit we enter into negotiations with the mother country, I think we may expect of the coming conference a large measure of increase in trade within the empire, together with a strengthening of inter-imperial cooperation and inter-imperial good-will.

So far as the Liberal party is concerned, that is the objective we hope may be realized as a consequence of the forthcoming conference. We trust the conference will serve as an important factor in the increase of trade between different parts of the empire, and particularly between Great Britain and Canada. Along with that we trust it will mark the beginning of a closer cooperation in many directions among all parts of the empire, and will point the way, let us hope, to a reduction in tariffs by the other countries of the world, and to a beginning as well, so far as Canada is concerned, of more in the way of trade with all other nations.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, much of the debate to which we have listened, including the speech this afternoon, would seem to indicate that there is no appreciation by the opposition of the fact that we are in the midst of a world crisis. After listening to the address this afternoon one would think that we were in the ordinary, humdrum existence of fairly good times and that the old story, revamped, was being told again; that Industry and Humanity was once more to be quoted and the four points therein enunciated made known to the public again; that these tales which the people have grown weary of hearing were to be revamped and retold as if we were in the midst of ordinary circumstances, and that conditions in this world had not changed from those normal conditions under which parliament meets.

Well, sir, we are in the midst of the greatest crisis the world has ever seen. Most of us have done some reading with respect to these matters, and we have formed definite understandings and convictions as to the situation. I suppose some books make a greater impression upon our minds than others, depending to a large extent upon our appreciation of the opportunity the author may have had to study the problems at first hand and indicate as soundly as might be possible a general summary of conditions. The gentleman who for ten years was economic adviser of the League of Nations, and whose name is known to all within sound of my voice, expressed himself a few months ago with respect to existing conditions, in these words:

> Then came the depression. In intensity and in range beyond all previous experience, with a duration and with subversive consequences which none can yet with confidence forecast.

Proceeding further, he uses these words:

> The first thing that is overwhelmingly clear is that this is a world depression in the fullest sense. It is world wide in the range of its effects; its causes, however originated, are clearly related to defects in the world system; and there is the strongest presumption that such remedial measures as may be possible will require the concerted action of many countries.

That is the firm and considered conviction of one who, having had perhaps greater opportunities than any other through being in the very centre of the world movement, is able to express an opinion of value. But I submit that any stranger coming to this house and sitting in the gallery for the last few weeks, or hearing the address this afternoon, would be wholly unconscious of the fact that the great currents that move the world are out of course, that conditions have changed and we are face to face with the greatest crisis of which there is any record whatever.

To-night I venture to direct attention to the fact that we are dealing with realities and not with theories, and that those who have been charged with responsibility for the administration of government during the last few months have had placed upon them a responsibility greater than has fallen on most governments in this country. I go further and say this, that it is quite apparent that this fact is being understood more and more by the people of this country. When the right hon. gentleman proceeds to give advice in that ponderous fashion which is his own, and when he undertakes to tell us how we should conduct the business of this country, I can

only say to him that most people who have business to transact, most people who have a stake in Canada, and most people who are concerned about its future are thankful for the fact that he is not charged with responsibility at this time. More, I tell him that leading supporters of the Liberal party of years gone by gladden my heart from day to day with communications expressing gratitude that we are transacting the affairs of the country.

Mr. MACKENZIE KING: Could my right hon. friend tell us who they are? Perhaps among them are the Minister of Justice (Mr. Guthrie) and the Minister of Railways (Mr. Manion).

Mr. BENNETT: No, neither. Not a day goes by without a letter coming to me from some part of this country, gratefully acknowledging the service being rendered to Canada by this government. What is more, very seldom do I see men of the Liberal faith who do not express grateful thanks for the fact that the task of administration is not in the hands of the right hon. gentleman opposite. In fact, there are those who sit behind him now who have told me the same thing.

Let us look for a moment at world conditions in the light of the events of the period from 1914 to 1918. In 1919 there met in Paris representatives of most of the nations of the world, among them representatives of this dominion. They made their voices heard, indicating their views as to the effect of existing conditions upon this country. What were those conditions? First of all there were food shortages on a scale never before known. Raw materials were scarce and unavailable for manufacturing. Communication by sea and land had been disturbed. Shipping was no longer available in the ordinary commercial sense. The transport of the world had broken down because of the dislocation brought about by the war. In addition, all the organization of finance and industry was disturbed. There were staggering debts such as mankind never before had contemplated. There was a change of mental attitude and habits on the part of the people of the world. In some countries there were revolutions, in others real starvation, in others great impoverishment; in others passions were aroused by the results of the war, and national prejudices had been stimulated. Worst of all, the world had lost millions of its very best and finest men.

That was the condition in 1919. I could amplify it, but I think that would be unnecessary. It is within the memory of most members of this house what those conditions were, and yet so courageous are men that there was shown a grim determination to reform, to reorganize, to readjust and to march forward. It is one of the striking things in history that of all the matters of which we have record to-day there is nothing that equals the recovery of the world in the years from 1919 to 1925. It is one of the most amazing and astounding matters of which we have any record. In the meantime there were the conferences at Locarno and at Genoa; the rehabilitation of Austria, Bulgaria and Greece; the great naval disarmament conference at Washington. Everywhere men were endeavouring to lay the foundations for peace and prosperity.

An hon. MEMBER: Order and good government.

Mr. BENNETT: Order and good government; not in the sense in which hon. gentlemen mutter it under their breath, but in the very broadest sense they were laying the foundations of ordered peace and regulated prosperity.

The League of Nations, which had come into being at the end of the war, was discharging great functions in a manner satisfactory to increasing numbers of people. Everywhere men filled with courage and hope were going forward to their allotted tasks. It is true that conditions in Europe were not as favourable as they were in other parts of the world; among the belligerents of Europe conditions were anything but satisfactory, but there was steady improvement. Figures supplied by the League of Nations show that seven years after the war production had increased by 18 per cent as compared with 1913, while population, because of the great losses of the war, had increased only 6 per cent. That meant better standards of living; that meant that the world was better able to take care of the conditions under which its people lived. Although in 1925 international trade in Europe had fallen, the average man on that continent was better off than he was in 1913.

Then come the next four years, from 1925 to 1929. Without taking up too much time to deal with this matter, I need only bring to the memory of hon. members of this house the fact that almost every country had again based its currency upon gold—Great Britain in 1925 and other countries at varying dates —for the purpose of having a universal standard of values and a universal medium of exchange. Industry had been reorganized, which made possible greater production; trade had been expanded consequent upon the increased production, and crude products, according to

the figures of the League of Nations, had increased at the remarkable rate of 4½ per cent per annum. The process of manufacturing had, of course, added greatly to their value.

These are the conditions to which I refer; that is, world trade had outrun world population—in 1929 the one had increased by 18 per cent as against an increase in the case of the other of 6 per cent. Europe's increase in production or trade had increased by the enormous figure of 22 per cent over what it was in 1913. It had regained its pre-war position, and it might be said that ten years after the great war, ten years after the representatives of this dominion met the representatives of other nations in Paris, the world had increased its productiveness to a point far beyond what it had been in the years before the war. The business cycle reached its peak in 1929.

Let us look for a moment and see what were the conditions then prevailing. You had a steadily increasing production which had outrun population; you had an expansion of trade; you had conditions vastly improved over those of 1913; you had adjustments rapidly taking place in every part of the globe, starvation had disappeared, impoverishment was not known and the world was getting back to real normal conditions where men buy and sell, make and exchange and trade and do business from one end of Christendom to the other.

What happened in 1929? By that year we had reached the peak of the cycle. Some hon. members may doubt whether or not there are cycles in business, and upon that point you will find that great authorities express divergent opinions. In the very nature of things I think there must be something in business cycles; but, at any rate, in 1929 the business cycle had reached its peak. However, there were other forces at work. You had, for instance, difficulties in connection with the conditions obtaining in Europe, brought about, not by reason of what was taking place there but because of what was taking place on this continent. In no part of the world had recovery been equal to what it was on the American continent. The reason was obvious. Because of a late entry into the war the United States had accumulated a vast wealth, estimated by some economists to be as great as forty billions of dollars, as a result of her production and trade prior to her entering into the war. The result was that there was prosperity on this continent such as we had never had before, and during the war years this country shared to some extent in that prosperity.

[Mr. Bennett.]

It was one of the very strange anomalies of life that along with the destruction of men and materials which took place during the Great war there was a distinct improvement in the prosperity of the countries engaged in the production of the means of destruction. That was so particularly upon the American continent. Then came that feverish expression of mass psychology, so often found upon this continent, and speculation became rampant to a scale never known before. When I say never known before, I am but quoting the words of one who has studied the matter from every angle and standpoint. Men, women and children—when I say children, I mean boys and girls under the age of twenty-one—were all engaged in speculation.

Speculation has a well-defined place in economics. Although I am in no sense an economist, I know the conditions under which speculation sometimes becomes a highly beneficial state, that is, speculation based upon judgment. For instance, there are men who with a rising market think it desirable to make large investments, and then they realize upon those investments and take the benefit of the rise in the market. There are others who speculate upon margins, and the psychology of the people upon this continent being as it is, speculation upon margins reached a scale almost impossible for one to express. I recall, that when I was in the place now occupied by the right hon. gentleman opposite, I expressed to this house the view that unless something was done to curb this reckless speculation, the result would be inevitable and disaster would be certain. Of course, to make a statement like that is like baying to the moon; in the midst of speculation, no one pays any attention to an opinion of that kind. When you found ten and twelve per cent being paid for money in order that speculation might be carried on, when you found what you thought were reasonable men exchanging five per cent bonds for securities which yielded two per cent for speculative purposes, you knew reason was dethroned and men had capitulated their judgment to the speculative craze. The result was apparent in every part of the world but, as I say, particularly apparent upon this continent.

What was the result in Europe? All you have to do is to read the bank returns of Europe and you will find that there was a constant drain upon their resources in order to send money to the great centres of finance upon this continent. That drain became so great that legislation was enacted for the purpose of preventing the further weakening of the resources of European countries. It did

not stop; it continued and in the end the boom burst. Do you recall the break in values? Do you realize what it meant? It meant that suddenly the pyramiding of conditions which had been going on in this era of speculation had brought about such a situation that, top-heavy, it broke and prices reached a low level, such as we had not seen before, and equalled only during recent months as a consequence of something to which I shall presently refer.

So we passed into the year 1930. In that year there were evidences of the foundations being more firmly established, the bottom being reached and improvement beginning. If any hon. members have stood in a field and watched a flying machine suddenly just raise its nose from the ground before it takes the air, they will realize exactly what I mean when I say that there were some evidences of a slight improvement. At that moment men were beginning to take fresh hope and they continued to do so. We in this country, owing to conditions to which I have on more than one occasion alluded, namely, the almost sudden diminution in the prices of our principal crop for the purposes of ready new wealth, found ourselves in a more difficult position than some other countries, but we were making a certain progress, very little it is true, but some.

Then there was an event the significance of which I always think hon. members with whom I have spoken do not fully realize. It was the passing of Great Britain from the gold standard. The effect of that upon the world was greater than any other single event which confronts us at this time. The world's banker, so to speak, had become insolvent; that is the way in which it was regarded. Sometimes, when I listen to or read the speeches that have been delivered during the last few days, I feel that very few members seem to realize that practically the greatest part of the world's business was transacted on a basis of sterling. Bills were drawn from Scandinavia and other parts of Europe expressed in terms of pounds, shillings and pence, because this was a stable exchange that had been created, not in five or ten nor yet in a hundred years, but over a period of hundreds of years the basis of trading as it is known on Lombard street had been established. Far off in South America the importer, drawing his bill upon an acceptance house in London, attached to it the insurance policy and the bill of lading. When they reached London they were taken around to the acceptance house which accepted the bill for whatever amount it might be. Then it was sold by the broker and ultimately found its way into a joint stock bank and finally into the Bank of England. Those were the methods by which England over a period of centuries had established herself as the financial centre of the world. The war had created an interruption, but in the end nothing could take from her that position which had been established by long habit, by centuries of such dealings as I have indicated. So the Lombard street system became known all over the world. Dollars had no significance except in the terms of exchange value for pounds, shillings and pence. If any hon. member had visited Europe in 1921 and 1922 as I did, he would have found that a five-pound Bank of England note was the readiest form of exchange that could be carried with one, because in every country, whether it be France, Germany, Austria, or Switzerland, it was always exchangeable on account of the fact that it had a reputation; there was behind it a history, a fixed value. After 1925, when England went upon a gold basis again, there was never any question of the exchange value of the pound sterling. In our money, it was $4.86; on the exchanges of other countries its value was established by their bankers and known to everybody.

Under those conditions, after credits had been established that it was believed were ample to take care of any demand that might be made, suddenly, without much warning, the bank was unable to meet its obligations in gold; there was no longer a free market in this commodity and England went off the gold standard. The repercussion, the effect of this upon the world we are only beginning fully to realize; in every part of Christendom that is so; in the far east, in the far west, in every part of the world, that is so. Even to-day, notwithstanding the fact that the pound has not been stabilized, although the other day we heard Sir Josiah Stamp say that it must be—and the value may be $4.86, may be $4, may be any other figure so far as we are concerned, but it must be stabilized—bills are still being drawn upon England from Scandinavia, central Europe, every part of the world, and the sterling area is being extended day by day because it still represents the medium of exchange with which men are accustomed to deal, about which they know the most and in which they transact their international trade.

That being so—and I think every hon. gentleman will realize how fully that is true—the disturbance that came about by reason of the happening to which I have just alluded, was felt tremendously in this country. It will be recalled that President Hoover, in an endeavour to meet the situation, had granted a moratorium with respect to debts to last

for a year. Yet so sensitive had trade become, so disorganized were finances, so difficult was the situation with respect to short term credits, with the two weeks and a half it took to adjust the matter after the Prime Ministers' conference in London, that the full benefits of the moratorium were lost. As illustrating the solidarity of the world from the standpoint of credit and the effect on the world at large of incidents which are small in themselves, hon. members will perhaps recall one of the opening sentences in the speech of the Minister of Finance (Mr. Rhodes), when he referred to an occurrence in Austria in June, 1931. It will be remembered that the largest of the Austrian commercial groups found itself insolvent because one of the directors said: I think we should revalue our securities. In doing so they found on present values this institution, with which the whole life of Austria was wrapped up, had become insolvent. This condition spread to Germany. The Bank of England loaned them £4,500,000, a very large sum, and that credit France had subsequently to take up in part. It is told by Sir Arthur Salter that on that day he was in New York; he went into the office of the governor of the Federal Reserve Bank and found him telephoning on the one hand to London and on the other to Chicago. He said he had just been speaking to Montagu Norman who had informed him that the situation in regard to the Austrian bank was very bad and was spreading. Just as in 1914 a single shot bringing death to one person caused disaster to the whole world; so this happening in Austria spread over all Europe and had the result, coupled with the withdrawal of money from that continent, of bringing about disaster there.

What was our position? We have to deal with realities and not with theories. Those charged with government in this country, with the awful responsibility of endeavouring to maintain the credit, the solvency of Canada in the eyes of the world, had upon them a responsibility which they could not shirk and which they would not if they could. What was their position? What was ours? Confronted with that situation, we were just 10,000,000 people in a world of 1,600,000,000. We were caught in the current. We were like a small boat which, moored at the bank of a stream, is caught up by a tidal wave and swept along with the current. That was our position, and yet day after day I have listened to and read the speeches of members of this house who talk of the condition of Canada as though it were something normal, akin to the condition of the nineties or of 1921 or of 1922, instead of which we were caught by a current in the greatest crisis the world has known.

Mr. GRAY: We did not hear that in the campaign.

Mr. BENNETT: You certainly did not, because the campaign was over in July, 1930. I have been endeavouring to point out just as clearly as I could that in 1930 there were, according to the evidence of every authority, signs that this country, in common with every other part of the world, was making progress towards ultimate improvement. But if one blinds one's eyes as my hon. friend from West Lambton (Mr. Gray) would; if one will not see because he does not wish to see, or having eyes to see, sees not; if he does not take note of conditions as they are and observe the changes that time has wrought, it is not my fault.

Mr. GRAY: I heard the right hon. gentleman in Sarnia.

Mr. BENNETT: I tried in 1930 to point out as clearly as any man could, and I believed then as I believe now, that if it had not been for the abnormal conditions to which I have alluded, and the existence of which no man can deny, Canada would have attained that degree of prosperity which it reached during the years when it reflected the changed conditions in the world. When I hear hon. gentlemen opposite talk of the prosperity of Canada and of our great advancement in export trade from 1925 to 1929, I wonder if they have read the figures. Do they realize that that but reflects conditions in the world at large? Canada did not stand differently from other countries except in this, that being a new country rich in raw materials, we did march forward rapidly with respect to exports until we had attained to the position of sixth among the exporting countries of the world. And to-day, notwithstanding the greatest depression that the world has ever seen, we stand fifth among the exporting countries of the world, being exceeded only by Great Britain, France, Germany and the United States of America. There is no record in the economic history of the world of a people so small in numbers, a country so vast in area, having made such progress under present conditions.

Mr. SANDERSON: Does the Prime Minister take credit for that?

Mr. BENNETT: There is one thing he would not do: he would not accord it to you. I trust the hon. gentleman knows what I am talking about. Let us go a step further. I have been endeavouring to point out that in

1930, at the very time that this government came into power, the conditions which had been steadily improving were, for the reasons I have indicated, showing—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: All you have to do is to read, and I will tell my hon. friends where they will find it—in Sir Arthur Salter's last book. Those were the conditions. What were we to do?

Mr. BOUCHARD: What you promised.

Mr. BENNETT: Exactly, and that is what we are doing, and what is more, what we propose to do. There are men in this house who will not permit their intelligence to work lest the conclusions might not be favourable to their own party. There are those who will not exercise their reason with respect to these matters. They must endeavour to make political capital out of a situation that is beyond the control of themselves and of their party and of parliament.

There is just one comment I should like to make upon the address which was made this afternoon by the right hon. leader of the opposition (Mr. Mackenzie King). He said: There are some matters which this parliament cannot control. A modest expression of fact, but that is so. Confronted with that situation what would you have had your country do? We did the only thing that a government similarly situated could do, and I am going to point out to you that the authority that was cited in this very seat by the ex-Minister of Justice (Mr. Lapointe), when the League of Nations in 1924 indicated that tariffs were standing in the way of the world's progress, advised Hungary in 1931 that she should use tariffs to lessen her imports. Why? You get back to the old question. Some hon. members here smile or laugh or giggle when you talk about the adverse balance of payments. I wonder if they have paused for a minute to understand the full significance of what is involved in that. Here you have two things to consider, what a country buys and what it sells. The balance of what it sells over what it buys is the visible evidence of its having a balance on the right side. If on the other hand it buys more than it sells, there is a visible balance against that country. Sir Arthur Salter puts it very clearly, and he himself is a pronounced free trader, as I shall presently point out. Then there are invisible things that go to counterbalance these matters, such as the interest payments that come to Canada from her investments abroad—and we have some investments in every part of the world; the tourist trade that comes to this country to the amount of $250,000,000 a year, and which when you deduct the $76,000,000 that Canadians spend as tourists abroad gives us a favourable balance in tourist traffic alone of $175,000,000, a very large item in making and shaping the commercial credit of this Dominion.

What did we find when we came into power in 1930? It was the proud boast of the late government that Canada of all the countries of the world had been the only one to lower her tariff since the war.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Hon. gentlemen say, "hear, hear". Well, I will tell you what you did by that: You made it just that much easier for Canada to have an adverse visible trade balance.

Mr. DONNELLY: That means nothing.

Mr. BENNETT: I suspect that that is true in the hon. gentleman's case, but I am presenting my argument to those to whom it means something.

Let us proceed a step further. The house will remember that in 1929 the then Minister of Finance, in introducing his budget, explained that the Dominion of Canada had a favourable trade balance of over $120,000,000. That was a matter of proud boasting on the part of the hon. gentleman. He said that we had a favourable trade balance of $123,000,000, representing the excess of what we had sold over what we had bought. But what had happened by March 31, 1930? The hon. gentleman was still in power then. What happened was this, that in that twelve months the favourable balance of $123,000,000 had been lost and there was an unfavourable or adverse balance of $100,000,000. In other words, the imports were $1,248,000,000 and the exports were $1,144,000,000, or an adverse balance of over $103,000,000. Just think what that meant. From Canada being in a position where she had over $123,000,000 of free credits coming in from the excess of exports over imports, by the end of March, 1930, she found herself in the position where she bought during that year $103,000,000 worth more than she sold.

Mr. YOUNG: What caused the decline?

Mr. BENNETT: The very conditions to which I have alluded, and the fact that during the period following the war the then government had lowered the tariff of this country so that it became a dumping ground for the other nations of the world. But what happened?

An hon. MEMBER: Nothing.

Mr. BENNETT: Exactly; nothing. Hon. gentlemen opposite were in power, and they did nothing about it. When the budget was delivered in 1930, no effort was made to stem that adverse balance. But the right hon. gentleman this afternoon, speaking with pride with respect to that budget, talked about its affording greater opportunities for freedom of trade. That meant what? Taking from Canada further markets, and we could not place our exports in other countries because they had raised their tariff barriers against us. I put it to this chamber: Is it not common knowledge that during the period from the end of the war until 1930 every country in the world had raised its tariff barriers, not against Canada alone, but against other countries as well? Why did they do it? In order that they might build up a favourable trade balance, and not have to borrow money to pay their debts. For, in the end, when you have more imports than exports an adjustment has to be made to bring about a favourable balance. If there is a gap it must be bridged, and it can be bridged only with fresh capital coming to this country or by borrowing.

Ramsay MacDonald put it more powerfully when he said, "If you continue thus to buy more than you sell, in the end you will become insolvent the same as any individual." That was the position of the Dominion of Canada. On March 31, 1930, we had an adverse trade balance against us such as I have indicated. In the month of July of that year the Conservative party took office, and in September we met in this House of Commons. What was the first thing we did? The first thing we did was to endeavour to provide against a continuance of a loss which meant insolvency to the Dominion of Canada. There is no gainsaying that fact, as Sir Arthur Salter points out, and as every economist points out. While in the city of Halifax during the last year the right hon. gentleman was bemoaning what we had done, England was passing a bill prohibiting imports. Why did England do that? Because, as Mr. MacDonald pointed out, England was threatened with financial ruin. Her statesmen saw with a clear vision that if she continued to buy more than she was selling, with her freight revenue cut off, with the extent of her investments lessened, stark insolvency was the only end in sight.

When we came into power we immediately took steps at least to endeavour to correct that adverse condition, and put this country into a position of solvency. The right hon. gentleman keeps on shutting his eyes to the facts, but I will put to him this: What would have happened to Canada if we had not done it? There is no denying the situation I have described. No one attempts for a single moment to deny that unless some step was taken, disaster was inevitable. I cannot expect, in the very nature of things, that gentlemen who have tied themselves with prejudices will for a single moment lend their ears to what I have to say. I do, however, say to them this—and they will find it in every book written on economy—the greatest free traders among them must know that only one thing could be done, and that was to take steps in that direction.

As I have said, those steps were taken. We took them, frankly, because we believed that was the only way it could be done. If hon. members ask me to call a witness, a disinterested party, I call Right Hon. Walter Runciman, President of the Board of Trade in England. I find a speech he made the other day in which he, a born free trader, a man who served in a free trade government, a man who made free trade speeches in England, found himself confronted with a situation, and consented to duties against imports of 50 per cent, and in some cases 100 per cent. Here are his words:

> "The recently imposed general tariff reduced imports directly by £8,000,000 and indirectly by £16,000,000," he said. (The pound was quoted yesterday at $3.78.) While unemployment was increasing in the rest of the world, Great Britain reduced her jobless by 486,000.
>
> "As a result of strong steps taken not a moment too soon by the government last November, we can look back on our policy with satisfaction," Mr. Runciman said, "The result, while preserving our purchasing power abroad for more pressing needs, has been to give home industries an impetus exceeding any since 1921."

He applied—late, it is true—the principle we applied in 1930. What is more, if hon. gentlemen will read the speeches made on the hustings in England during the last general election campaign, they will find recorded in the magazine Time that Mr. Chamberlain, again and again pointed out that what Canada had done England could do. We did the only thing that could be done. I admit it is very difficult to have gentlemen realize that we are not living in the age to which the right hon. gentleman referred this afternoon. We are not living under those conditions, and if my argument is based upon sound premises —and I believe it is—it will have to be admitted that the conditions which obtained from 1929 onward were brought about by a world crisis, from which we are now, I trust, slowly recovering.

Mr. MACKENZIE KING: Will the Prime Minister permit a question?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Is it possible for all countries to have a favourable balance of trade at the same time?

Mr. BENNETT: I am coming to that. This afternoon the right hon. gentleman was greatly interested, apparently, in other countries. My concern for the moment is for the country I have been elected to govern. When he asks the question which he has just now put—"is it possible for every country to have a favourable trade balance?"—I say that is not a matter about which I am concerned at the moment, so long as I can see that my country is properly attended to. That is my point. That is what Hon. Walter Runciman said when he imposed tariffs against importations ranging from 50 to 100 per cent. That was his position. That is what he is doing for England, and what he is doing for England we are doing for Canada. The only difference is that we did it first.

I ask any hon. member of this house to go and tell his constituents that he is in favour of a policy which will commit Canada to larger obligations abroad, which will have to be paid either in goods or in services, or with gold. When the goods and services fail, as they do, there is only one way payment can be made, and that is with gold. Gold can be got only by borrowing or by fresh capital coming into the country. Go back and tell your constituents that. Go back and tell them that you sat through a session of parliament and voted and worked for the purpose of seeing that your country owed more money abroad, and in the end became insolvent. Go and tell them that.

Mr. SANDERSON: We will tell them what the right hon. gentleman said during the campaign of 1930.

Mr. BENNETT: I will admit there are some hon. gentlemen who are incapable of understanding that, but for the moment I am not addressing them.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I have now indicated the position of this country in 1930. I have shown the position that other countries have adopted. France accepted that principle and adopted it. Here is the real crux of the problem: if every country imposes tariffs against the other the difficulty to pay obligations that are due abroad becomes increasingly great.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: That is true. But we have no power to control the tariff of the United States, nor that of France, nor of Spain, nor of Italy, nor of other parts of the world. We know they have imposed tariffs against our goods and that they are competing with our production by making the same goods that we ourselves are making. Now, what happens? If they raise their barriers against our goods going into their country we cannot pay in goods for any goods we buy from them; we have to pay them with the proceeds from the sale of our goods elsewhere.

Mr. SANDERSON: Couldn't you blast your way in?

Mr. BENNETT: That is what we are doing. But let me go a step further. If all the countries in the world are unwilling to buy the products of one country, and seek to dump their products in that country, is there here a man who would not take the steps necessary to protect his country against them? Is there one who would not?—except the member for South Perth (Mr. Sanderson). Is there any other one who would not?

An hon. MEMBER: Lots of them.

Mr. BENNETT: I do not believe there is an hon. member in this house who, finding other countries without question raising barriers against the products of this country, would say that this country should be an example to all Christendom—take down our tariff barriers and let there be dumped into our markets that which is produced abroad. I do not believe it. But that is what it means.

An hon. MEMBER: Oh, no.

Mr. BENNETT: Just that and nothing else.

Some hon. MEMBERS: No.

Mr. BENNETT: Hon. gentlemen opposite can shake their heads about it for a week, it will not change the fact that that was the condition that confronted this country. Let me give an illustration. Complaint has been made that we have by orders in council protected this country from that form of economic loss. It is true. Complaint has been made that there were changes in these orders in council from time to time. That is true. It had to be true, because the price at which the foreigner would sell his goods in these markets was anything he could get

as long as it was gold. That is the real position. I mentioned the other day that felt hats were brought in from a certain country and offered here at thirty cents apiece—$3.60 a dozen. I will not go into the details of these matters; the hon. Minister of National Revenue (Mr. Ryckman) did so yesterday. Now, are we to let that continue or not?

An hon. MEMBER: We need hats.

Mr. BENNETT: Certainly; and we make them at home.

Mr. MANION: We need something under them, too.

Mr. BENNETT: Is that to continue or not? Reference has been made to the fact that we changed the value of the pound sterling for duty purposes. Let us look at what we did do. The London Times said we were within our rights in doing what we did. Why? Parliament placed a duty upon imports from Great Britain based on the value of the pound being $4.86. A twenty-five per cent duty on that meant $1.21—we will say $1.22 for the sake of argument. When the pound fell to $3.60 that meant 90 cents duty. Parliament having given a protection of $1.22, had authorized this government by a section in the statute to protect the country when that fell to 90 cents. And we did it. We will do it again to-morrow if necessary. What would have happened if we had not done it? That is all you have to ask yourselves.

An hon. MEMBER: What would have happened?

Mr. BENNETT: Every industry in this country engaged in that particular line of activity would have been snuffed out of business unless that action had been taken.

Some hon. MEMBERS: Oh no.

An hon. MEMBER: Utter rot.

An hon. MEMBER: You don't believe that.

Mr. BENNETT: I not only believe it; I know it, I have seen the cost figures.

An hon. MEMBER: Nonsense.

Mr. BENNETT: Of course there are within the constituencies of hon. gentlemen opposite industries that will give you the day and the date with respect to it, and the figures as well.

An hon. MEMBER: Nonsense.

Some hon. MEMBERS: Order.

[Mr. Bennett.]

Mr. BRADETTE: The right hon. Prime Minister knows that many industries are being closed on account of the tariff policies of the present government.

Mr. BENNETT: Why, the hon. member surely with his recently acquired knowledge knows better than that. I mentioned the pound sterling. The same thing happened with respect to other matters as well. Wherever it was necessary for the purpose of protecting—I use the word deliberately—the industrial life of this country that has been built up during all these years from being destroyed by the dumping upon our markets of the products of any country at any price they could get, we took the proper steps to that end. And what is more, I believe that any government occupying our position would have done the same. Let me go a step further. Do you suppose Hon. Walter Runciman took that step lightly? Do you suppose that the government in which you have as strong free traders as he and Mr. Samuel took that step lightly? Why did they do it? They did it because every other country in the world had protected its industrial life from destruction, and they said, "The time has come for England to do the same."

Mr. YOUNG: Did Mr. Samuel say that?

Mr. BENNETT: Mr. Samuel, I said, was in the government that did it.

Mr. YOUNG: Did he approve?

Mr. BENNETT: He did not approve of the tariff, but he approved the prohibition against importations; he made no protest against it. There is the story. Every country in the world without exception, Mr. Speaker, occupies that position. England was the last; England now is in that position. England has placed a tariff upon her statute books.

Mr. MACKENZIE KING: Not against the dominions.

Mr. BENNETT: I am coming to the Imperial conference—yes, against the dominions in some cases. She has placed a statute on her books containing those provisions to lessen imports.

Now, may I quote an eminent authority as to the reason why that has been done. It is rather worth reading because he makes it perfectly clear as to the reason—that there is no other method by which it could be done except this method which I have mentioned. I propose to read these words to the house because they are the considered opinion of a very eminent authority, and I do not believe

the position can be put any more clearly than it is put by this gentleman. When he says there is no other method, it seems to me it must be clear that he would not say so lightly, because if there is any other method it would at least have been known to all the people in the country. I quote:

Unhappily, nearly all the consequences of this crisis, threatening one country after the other with the dangers that its currency would be forced off gold, or that it would default on its foreign obligations, or both, have been to deepen the economic depression. This is true both while countries are still striving to keep their currencies on gold and when they have ceased to do so. When the strain of an adverse balance is draining the gold reserves, and when new credits cannot be obtained, the situation can be relieved only by a change in the balance of trade; that is, by a reduction of imports and an increase of exports. The first is attempted by new tariffs and prohibitions which reduce the world market and therefore cause a fall of prices, and evoke retaliatory measures which continue the same process. The second, an increase of exports, can be successfully achieved only—if at all and that with great difficulty—by a desperate selling on any terms, which again forces down world prices and again provokes new tariffs in other countries. These results are illustrated in the course of the creation of Germany's export surplus in 1930-31; a vivid picture of the reactions on neighbouring states was given by the Swiss delegate at Geneva in September.

Yet, disastrous as the general result is, it is extremely difficult to see what other course any single country can adopt in the emergency. We find, for example, even the League of Nations' Financial Committee, which in 1924 had in striking terms advised Hungary to adopt a more liberal trade policy, counselling her in 1931 to restrict her imports in order to ease the strain on her currency resulting from large annual foreign obligations with no corresponding exports surplus.

In addition you will find these words in another part of the same article:

The only way in which the balance could have been adjusted without this result was that countries with a positive balance and a gold surplus should have encouraged imports by a reduction of tariffs and a monetary policy designed to increase their prices. But the first effect of this, however salutary to the world position as a whole and in the end to the creditor countries themselves, would have been to injure home production already suffering from the depression; and this action was not taken. Meantime the process continues. Some countries have declared "moratoria" of their foreign obligations, others are likely to do so; while in yet others a similar declaration will be avoided only because the creditors, acting together, prefer not to claim what would be refused if they did and thus save some remnant of their debtors' credit.

And again these words:

In some way or another the gap in the balance of payments needs to be bridged. But it must certainly be narrowed before it is bridged. Debtors' obligations must be reduced: and, if possible, their real burden must be lightened by an increase in gold prices. The balance of trade must be changed; debtor countries' exports must, if possible, be increased, and their imports must be reduced (as they are being); creditor countries, on the other hand, should import more and must lose exports (as they are doing). The much narrowed gap, must then be bridged. This can be only to a small extent by further gold movements; for the rest, it must be by new foreign lending. Or perhaps it would be more exact to say that, to the extent to which new lending is not forthcoming, the gap must be narrowed by a change in the balance of trade till it can be bridged.

I commend these next words to this house:

There is no other method.

And the word "no" is in italics.

An unbridged gap means, and can only mean, failure of the debtor to pay. And failure of one debtor drives other debtor countries (and creditor countries too, if their assets are frozen and their obligations immediate) along the same path. So long as this process continues we shall be in an ever widening circle of disaster.

I commend those words to this house.

Mr. MACKENZIE KING: Who is the authority?

Mr. BENNETT: Sir Arthur Salter, who ranks as one of the foremost authorities in the world at the moment, having spent ten years with the League of Nations as economic adviser. Sir Arthur Salter says there is no other way; that way we commenced to follow in 1930, and have pursued since.

One word with respect to tariffs. I have said in this chamber so frequently that it must be within the knowledge of every hon. member that I only look upon tariffs themselves as being the instrument that lies at our hand for the purpose of enabling us to accomplish the end here indicated. Whether it is a high or a low tariff is not the question. Is it a tariff sufficient to enable us to accomplish the end we have in mind? That end is the preservation of the credit and the solvency of your country and mine.

I have referred to these matters for the purpose of indicating that nothwithstanding the attacks that have been made and the suggestions that we have gone at this in a haphazard way, it has been a well-considered plan which, so far as I am concerned, was in my mind before I assumed the responsibilities of office. It is a plan that, so far as I am concerned and while those conditions obtain, will be the guiding principle in any policy that we may place upon our statute books. In other words, after sixty-five years of effort, now with lower wage levels, with lower living standards, and with a desire on the part of exporting countries to receive gold at any

price, we cannot afford to say, "Here is our market; take it." We cannot do that, and we will not. What is more, I am willing to submit to the people of this country whether, in an emergency and a crisis such as this, we should not have recourse to every lawful means that lies within our power for the purpose of effectuating the solvency and the credit of our country.

Mr. MACKENZIE KING: May I ask one question? In that connection does my right hon. friend recognize—

Some hon. MEMBERS: Sit down.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: I am trying to follow the right hon. gentleman, I hope with due deference. What I wish to ask the Prime Minister is this: In connection with what he was stating a moment ago, does he recognize any distinction to be made between a tariff that is protective and one that is prohibitive, for the purposes he mentions?

Mr. BENNETT: Certainly. As pointed out in the extract from which I have read, it may well become highly desirable that it should be prohibitive. It becomes of the utmost importance, because otherwise you only accentuate the evil you are endeavouring to cure. That is the reason it is done, and that gives me opportunity to make some reference to what the right hon. gentleman quoted this afternoon from the address of the president of the Robert Simpson Company, with regard to his inability to import certain goods into this country from continental Europe, except under tariffs that he thinks are prohibitive. The answer to that may be given in one word: p-r-o-f-i-t-s. That is the answer, and no one knows it better than the gentleman who made the statement. When you find, as Mr. Burton was quoted as having said this afternoon, that he wished to get goods from continental Europe at 30 cents on the dollar, paying a normal tariff, you find that he would thereby place in an intolerable position every man or woman in this country who is endeavouring to maintain the economic life of Canada.

Mr. MACKENZIE KING: I do not wish to interrupt my right hon. friend,—

Some hon. MEMBERS: Sit down.

Mr. MACKENZIE KING: I hope this will not be regarded as an interruption; I have asked the Prime Minister for permission.

Some hon. MEMBERS: Sit down.

[Mr. Bennett.]

Mr. SPEAKER: If the right hon. Prime Minister wishes to permit an interruption he has a perfect right to do so, and I would ask hon. gentlemen on both sides to leave the debate in the hands of those conducting it.

Mr. BENNETT: If the right hon. gentleman wishes to ask a question, I am glad to permit him to do so.

Mr. MACKENZIE KING: The point is this: Mr. Burton is not here to speak for himself, and his name has been brought into the discussion—

Mr. BENNETT: By the right hon. gentleman.

Mr. MACKENZIE KING: —this evening by the Prime Minister with relation to his objection to the duties. My understanding is that the exception taken by Mr. Burton was to the changes made in valuations on orders that had been previously placed, not with regard to orders placed after changes had been made in the tariff.

Mr. BENNETT: I was referring to what was read this afternoon by the right hon. gentleman. He brought Mr. Burton's name into it and read his address to the company's shareholders. He endeavoured to impress upon this country through that statement that Mr. Burton found that business was being circumscribed by reason of the action we took. My response is this: Profits undoubtedly were restricted, and because we denied to him the right to bring from Czechoslovakia and central Europe the goods he mentions at 30 cents on the dollar, and indicated that we do not propose to have our balances destroyed and our country made the dumping place for these products, we are attacked by the leader of the opposition.

Perhaps this would be a fitting place to refer to the statement made as to the favourable balance of trade so far as Great Britain is concerned. I wonder if this house realizes that instead of there being a favourable balance of trade with Great Britain, we have just the opposite. The visible balance is favourable, but we owe large sums of money to Great Britain, estimated by Professor Taylor of McMaster university to be $148,000,000. We must have an increasing visible balance in order to overcome the invisible balance which is against us. In other words, we owe millions and millions of dollars for interest on money borrowed, and that has to be paid; we owe for our public debt, and that has to be paid; we owe for shipping and services, and they have to be paid—we have to sell

less than is bought from us in order to overtake and adjust these balances. The old rule, simply stated, is this: Every lending country should have more imports than exports and every borrowing country should ship out more than they buy. Canada, being a borrowing country, should be in the latter position; our great neighbour to the south, being now a lending country, should be in a different position. But she is not, and that is one of the great factors in the dislocation of world commerce. That fact is susceptible to exact proof. The United States loaned many millions of dollars to South America, the United States suddenly became the world's lender without having the great previous experience which belonged to London, and the result was that in a few years she had loaned as much money as England had in half a century or more. All this has brought disastrous results. These things are learned slowly; the mechanics of them do not come easily, and the result was, when the United States maintained high tariffs in order that she might have greater exports than imports although she was a lending country, that the loans turned out to be bad. That is the answer with respect to that.

The situation being as it is, we have taken the steps to which I have referred. I shall not insist on the word "tariffs"; so far as we are concerned you can call them anything you like; I care not what you call them as long as they are instruments in our hands to enable us to accomplish the end I have indicated. That is all there is to it so far as we are concerned. A complaint is made that our tariff is very high, that we pass orders in council to fix values for duty purposes which make it very difficult for the merchant to carry on his business. I have received one letter which indicates a willingness to make a sacrifice. A communication was received, not addressed to me personally but to another, in which a gentleman says: Unfortunately I must see certain sacrifices happen to my own enterprise, but Mr. Bennett is right, and this must be done.

An hon. MEMBER: Always right.

Mr. BENNETT: No. It must be done and we have done it. I am not unmindful of the criticism that may be urged because there have been changes, but how can these conditions otherwise be dealt with?

An hon. MEMBER: Try an embargo.

Mr. BENNETT: The position is so simple that I believe it commends itself to every hon. member in this house. When you find an evil and have the means to remedy it, you must remedy it or you are recreant in your duty to this country. Believing as we did that this method afforded a remedy for an admitted evil—I say it is an evil—we took the remedy at our hands to overcome it.

The adverse balance of trade had reached $103,000,000 when hon. gentlemen opposite left office, and that adverse balance had been changed from a favourable balance of $120,000,000 prevailing only the year before. We did not come into power until the first of August, and the collections of duties for the first six months of the year were substantially the same as for the second six months, indicating that so far as tariff changes were concerned, the effect upon the duties had not been very marked.

I come now to another point mentioned this afternoon by the right hon. gentleman, and I deal with it now because it seems to me to be a convenient place to do so. He said: Look at the way trade has fallen. The League of Nations' figures show that world trade has fallen of by one-half, but notwithstanding that fact Canada has moved up to fifth place among the nations of the world. But allowance must be made for the change in values. I wonder if there is any realization in this country at the present time of what these changes in values mean? I looked up some of them the other day just because I desired to be informed, and I found that during the last few years values had so changed that while Canada's exports were substantially the same, the values placed upon them were, in some instances, only 60 per cent of what they had been, and in one case, only 50 per cent. That is a matter of considerable importance to this country at this time. It is pointed out also that our customs revenues have fallen off greatly during the past year; that also is true, but I wonder if hon. gentlemen have taken the trouble to observe that in one item alone, spirituous liquors, there has been a decrease of $6,000,000. If hon. gentlemen had taken the trouble to look up these facts they would have found that the duty paid on this commodity dropped from $20,000,000 in 1931 to $14,000,000 in 1932. For the twelve months ended March 31, 1930, we collected $25,000,000; in the next year we collected $20,000,000 and last year only $14,000,000, and the tariff was not changed. The revenue on that one commodity decreased $6,000,000, which is a very good illustration of the contraction in world trade. The figures of the League of Nations, as I have said, show that the international trade has decreased by one-half.

Mr. McINTOSH: Ours has dropped sixty per cent.

Mr. BENNETT: Our what?

Mr. McINTOSH: Our trade.

Mr. BENNETT: Our trade, as I shall presently show, consisted practically of sales of raw materials or partly fabricated materials, such as lead, copper, zinc, wheat and pulp and paper. While there has been a diminution during the last twelve months of the quantities sold, nevertheless the values represent only about sixty per cent of the figure per unit in preceding years.

Let me go a step further. In the case of agricultural products, we were selling a few pounds of butter—we are now selling large quantities of butter. But the price is a world price that is fixed in London so far as we are concerned.

Mr. VALLANCE: It was not called that at the last election.

Mr. BENNETT: Yes, it was. The hon. gentleman himself may not have put it in that way.

Mr. VALLANCE: At the last election the right hon. gentleman did not put it in that way.

Mr. BENNETT: I did say this, that the average—

Mr. VALLANCE: Be honest, now.

Mr. BENNETT: I would ask the hon. gentleman to take that back. The leader of the opposition said he would not permit any interruptions. I shall not permit an hon. member to say: "Be honest." I ask the hon. member to withdraw that.

Mr. VALLANCE: All I wish to say is that the right hon. gentleman—

Some hon. MEMBERS: Withdraw.

Mr. VALLANCE: —be honest. In the last election—

Some hon. MEMBERS: Be a man.

Mr. BENNETT: I insist that the hon. gentleman withdraw the term "Be honest."

Mr. VALLANCE: The statements made by those who are sitting behind the Prime Minister to-day—

Some hon. MEMBERS: Order.

Mr. BENNETT: That is not the question.

Mr. VALLANCE: There are members from Saskatchewan and the other western provinces who are sitting to-night behind the Prime Minister because of statements he made during the last election. If he says the statements he made are not true, I withdraw the remark.

Mr. BENNETT: I still insist that the hon. member withdraw.

Mr. VALLANCE: If the Prime Minister says the statements he and his followers made are untrue, I withdraw.

Mr. SPEAKER: This afternoon, when the leader of the opposition was speaking, on a very slight interruption from the government side he appealed to the house for order while he was speaking. It did not become necessary at any time for the Speaker to intervene. Since the Prime Minister has begun his speech, there have been constant and disorderly interruptions from the opposition. I would ask that they kindly desist.

Mr. BENNETT: I was going to point out that as regards the falling prices of agricultural products, the Dow, Jones average index of industrials on January 2, 1931, was $169.84. Their index figure for April 19, 1932, on these same industrials was $58.91, or in other words a depreciation of virtually two-thirds. The Dow, Jones averages for rails during the same period was $98.63 as against $20.05 on or about April 19, 1932, or only about twenty per cent left of the values at the first of the year, 1931. The cash price of No. 1 northern wheat on January 2, 1931, was 53¼ cents; the cash price of No. 1 northern wheat on April 19, 1932, was 64½ cents, showing an increase in value from that time of 11¼ cents per bushel, or approximately twenty per cent. I mention that merely for the purpose of indicating that the depression has been world-wide and it has affected not only agricultural but other products as well.

In support of what I have just been saying, I have in my hand a report from the Bureau of Statistics showing that in 1929, 177,006,369 bushels of wheat were sold for $215,000,000 and that in the twelve months ending on March 31, of this year 191,315,933 bushels or about 14,000,000 bushels more brought only $115,000,000, or approximately $100,000,000 less. What has happened with respect to wheat and flour has occurred in a greater degree with respect to industrial shares and other securities in this country. Notwithstanding all that may be said, notwithstanding what the leader of the opposition said this afternoon as to the gloomy budget that was presented to the house, the fact remains that so far as we have a record, Canada occupies a

better position than that of any other country of the world. Although our position is one of great difficulty, nevertheless this is the situation. Exports for last March are the highest we have had this year, namely, over $41,000,000. March exports of newsprint showed an increase of 580,000 hundredweight over February. It is true the price is low. March imports of raw material, including cotton, have increased by nearly 3,000,000 pounds over the figures for February last year, a gain of 22 per cent. Our exports to Great Britain show remarkable increases in some directions over March of 1931, as follows: fruits from $99,000 to $282,000; barley from $13,000 to $111,000; sugar from $5,000 to $9,000, whiskey from nil to $1,000; cheese from $44,000 to $86,000; furs from $708,000 to $742,000, unmanufactured leather from $143,000 to $172,000; meats from $143,000 to $358,000; fibres and textile products from $77,000 to $108,000; cotton from $9,000 to $35,000 and so on.

Prices of silver have risen and we have increased our exports of that commodity. Our export of nickel has increased. The production of copper has increased from 19,675,016 pounds in January to 22,428,571 pounds in February; blister copper from 15,971,151 pounds in January to 17,376,689 pounds in February, and lead from 19,048,424 pounds in February, 1931, to 20,154,613 pounds in February, 1932.

We have made corresponding increases in other exports. That indicates only one thing, not that we have yet entered upon that prosperity which is our due, but that we are showing signs of recovery from world conditions and that those signs are even more marked in this country than they are in most countries to which we could refer. The significance of this is found in an article in one of the leading western papers in which three or four stocks were taken and the price lists given showed that they had shrunk even more than had other commodities, if you will, during the same period. I do not propose to say more on that phase of the discussion that has taken place in the house. I have endeavoured to indicate why the actions taken have been taken. They have not been taken by accident; they have been taken deliberately; they have been taken not for the purpose, as has been suggested, of showing how high a tariff may be made, but with one design, and that I have already indicated.

The only other important point to which I think I might direct attention is the observation made by the hon. member for Shelburne-Yarmouth as to the sale of our conversion securities. I think it is unfair that that matter should remain upon the record without some reference being made to it. He made the statement that the sale of those securities at the high rate that prevailed when the national service loan was carried out this fall was at too high a rate and it was very hard upon those who accepted conversion securities a year ago. A year ago the hon. gentleman made a speech and this is what he said:

> It is not a remarkable financing operation, then, for the people of this country to be induced to take the premier securities of this dominion at 4½ per cent. We are glad that it has been successful, but I wish to say in all frankness that in my opinion and judging by other public financing the rate which was paid and the terms on which the loan was made were exceedingly generous, if not high, so far as those who got those bonds are concerned.

So that the leading financial critic of the opposition thought the four and a half per cent conversion rate was somewhat too high. The matter is very simple: four and a half per cent for long-term securities is regarded as a reasonable rate and was so regarded. The people made the conversion, the exchange because they believed it was a sound business thing to do. Just as in other countries the same conditions brought about the same results; if they were generous in their response it was because of their courage and faith in their own country. Now we are told, because their securities have shrunk in value as compared with present day values, the government has been guilty of bad faith, because the same hon. member for Shelburne-Yarmouth said:

> I think the people have a right to complain of this financing and to say that perhaps too much credit is not due to the Prime Minister in connection therewith. My hon. friends may applaud if they wish but I submit that it would have been only justice to the people of Canada had the Minister of Finance paid to them the tribute which was due and acknowledged the part which they took when they turned in their bonds for the conversion loan. These people accepted a loss and that loss has continued to grow as the months go on. I know quite well the difference between the prices of long term bonds and short term bonds, and I realize that the national service loan and the conversion loan were two entirely different things. I do not think the right hon. minister can gve too much credit to the investors of Canada for their having put through the conversion loan.

We have given them credit, Mr. Speaker, for so doing; for it of course was the proper thing, and when you find that United States securities have fallen on the market by ten points I think it will be admitted that the maintenance of prices in this country has

been exceedingly creditable to the people themselves.

But I wonder if the hon. member for Shelburne-Yarmouth has forgotten that a conversion loan was made by the previous administration, I think in 1922, when $114,000,000 was converted into $29,000,000 maturing in 1927 and $85,000,000 maturing in 1932, a part of which we converted and have taken care of. The government of that day gave 5½ per cent bonds in exchange, and a month's interest as well. I wonder if the hon. member had overlooked that fact. Having converted the 5½ bonds into 4½ bonds, we believed we had done good business for this country—and more, that we had established a market for long term securities that would be profitable to the investor. Due to the world conditions to which I have referred, our securities have depreciated in value like those of all other countries, but the rise in our securities will, I believe, if I am any judge from what is taking place at the present moment, be equal to that of any other country in the world.

When the hon. gentleman referred to the fact that our revenues have fallen far short of our expectations, he was good enough to note that I prefaced what I said on that occasion with the words "if the present rate of business was maintained." I have pointed out clearly that there has been a shrinkage in business with the result that the revenues anticipated have not been received, and I gave one instance not very long ago in which $6,000,000 less has been received from duties on intoxicating liquors alone, without any change in the tariff at all. That seems to be about the only matter to which I desire to refer in the hon. gentleman's lengthy speech. The Minister of National Revenue dealt yesterday with the hon. gentleman's observations with respect to the increase in duties by order in council through the fixing of values, and I have already indicated clearly to the house the reason why that action was taken.

The amendment that was moved by my hon. friends opposite and to my right involves the consideration of another matter as well. I have very little to add to what was said in that respect this afternoon by the right hon. leader of the opposition. But I would like to read these words from the Macmillan report, because when it is suggested that we should cut our bonds in two, that is that the man who had $200 should have only $100, I feel quite certain that no such radical thought as that implies could have been in the mind of the hon. gentleman. About $150,000,000 of these securities change hands annually through the Department of Finance. They are the recognized and standard security of this country, and to say that this country is to repudiate one-half of its obligations, part of which are payable in New York, in gold, part in Canada, in gold, and the balance in our currency, would be to create a condition which is almost unthinkable. I quote these words from Lord Macmillan's report, and if ever words were applicable to the subamendment they are to be found in the language here employed:

> It is no doubt true that an essential attribute of a sovereign state is a power at any time to alter the value of its currency for any reasons deemed to be in the national interest, and that legally, therefore, there is nothing to prevent the British government and parliament from taking such a step. The same may be said of a measure writing down all debts, including those owing by the state itself, by a prescribed percentage—an expedient which would in fact over a considerable field have precisely the same effect. But, while all things may be lawful, all things are not expedient, and in our opinion the devaluation by any government of a currency standing at its par value suddenly and without notice (as must be the case to prevent foreign creditors removing their property) is emphatically one of those things which are not expedient. International trade, commerce and finance are based on confidence. One of the foundation stones on which that confidence reposes is the general belief that all countries will seek to maintain so far as lies in their power the value of their national currency as it has been fixed by law, and will only give legal recognition to its depreciation when that depreciation has already come about de facto. It has frequently been the case—we have numerous examples of recent years—that either through the misfortunes of war or mistakes of policy or the collapse of prices, currencies have fallen so far below par that their restoration would involve either great social injustices or national efforts and sacrifices for which no adequate compensation can be expected. The view may be held that our own case in 1925 was of this character. The British currency has been depreciated for some years. It was obvious to the whole world that it was an open question whether its restoration to par was in the national interest, and there is no doubt in our minds as to our absolute freedom at that time to fix it, if it suited us, at a lower par value corresponding to the then existing exchange. But it would be to adopt an entirely new principle, and one which would undoubtedly be an immense shock to the international financial world, if the government of the greatest creditor nation were deliberately and by an act of positive policy to announce one morning that it had reduced by law the value of its currency from the par at which it was standing to some lower value.

I commend that to my hon. friend (Mr. Gardiner), and I am sure that he will realize that what would be true of a country such as

Great Britain would be doubly true with respect to a new country like Canada, which invites capital to its shores and gives it the assurance, so far as an implication is concerned, that in this country the investment of capital will be protected and the contractual obligations of the country to pay, whether in gold or otherwise, observed to the last farthing. On that ground I desire to point out to the hon. gentleman that the amendment proposed involves conditions and involves results, by implication as well as directly, which would be ruinous alike to the credit and to the future development of this country.

There is only one other observation that I desire to make with respect to the remarks of the hon. gentleman, and that touches upon his effort to make it appear that the changes in the income taxation have been what he is pleased to call in favour of the rich men. Let us look at that. The correct way to put it is this: A man with an income of $4,000 a year will now pay 80 cents on every $100. It is true that the taxation begins at a lower level than it did before. The man with an income of $10,000 will pay $3.54 on every $100; the man with an income of $20,000 will pay $8.65 on every $100; the man with an income of $50,000 will pay $17.92 on every $100; the man with an income of $100,000 will pay $25.25 on every $100; and the man with an income of $1,000,000 will pay $47.66 on every $100. To say that the man with the $4,000 income has his tax increased one hundred per cent is not putting it fairly. What happens is that by reason of the reduction of the exemption the man with the $4,000 income will pay 80 cents on every $100. It is not fair to put it on a percentage basis. If you increase the tax from one cent to two cents you are increasing it by one hundred per cent, but to put it in that way does not clearly indicate what the actual increase is. In this case I submit that the hon. gentleman has not stated the matter fairly so far as the result is concerned.

There was one striking thing this afternoon, and during the last few days, which must have been interesting to the members of the house. It has been suggested that in these days of distrust and suspicion and unrest we well might have introduced in this country what the right hon. gentleman mentioned as a labour administration. When I saw the novel sight the other day of the right hon. gentleman moving down to the right for the purpose of hearing more accurately the observations of the hon. member for Winnipeg North Centre (Mr. Woodsworth); when I saw the hon. member for Vancouver Centre (Mr. Mackenzie) coming down to the front and moving down to the right that he might not escape a single utterance of that magic eloquence; and when I saw the leader of the Liberal party in Ontario, the hon. member for West Elgin (Mr. Hepburn), moving down to the front to catch those pearly words of wisdom, I could not help but think that they were saying to the hon. member for Winnipeg North Centre, by their actions, if not in words: Remember me when thou comest into thy kingdom. I am sure the hon. member for Winnipeg North Centre was flattered and gratified at this apparent attention to his utterances. But I realize that after all there must be a reason behind this, and so I looked into the matter with some degree of care, I find that during the last few weeks the great Liberal party has suddenly blossomed forth with a new organizer. Mr. Vincent Massey, at one time minister extraordinary and envoy plenipotentiary to the United States of America, has now become collector extraordinary and minister in ordinary of the Liberal party. I do not make that statement in any sense unthinkingly, because if any hon. member is interested and will turn to page 4383 of Hansard of last year he will find an explanation, not in my language but in that of the leader of the opposition himself, describing the qualities of the organizer of a party. These qualities are not in his words alone, but he has quoted from the words of Mr. J. A. Spender in his life of Sir Robert Hudson, who was so many years organizer of the Liberal party in Great Britain. Speaking of Senator Haydon, who was organizer of the Liberal party in those days, the right hon. gentleman said:

> And may I say that if I were asked to describe the relationship between us, as I have believed it to be all the time, I would do so in the words which are used here by Mr. Spender in reference to the one who held the office of chief organizer of the Liberal party in Britain. So far as Senator Haydon's relationship and my own are concerned—

And then the following words are quoted:

> —life behind the scenes was one of cheerful and loyal comradeship between men who honestly believed in the policy and principles of their party, and were convinced that in serving it they were serving their country.

And when one recalls the somewhat acute criticisms of the new organizer, which were made within the memory of those within this house, one wonders how that greater comradeship will manifest itself in years to come. Further he says:

> What else is said in this volume by way of appreciation of this man who was chief organizer of his party?

Then the following is quoted:

The confidence that Hudson at once inspired in men, even rich men, wary of their pockets, was extraordinary. Rich men would give him thousands when they would not have given Prime Ministers a penny piece, and yet Hudson had nothing to offer them in return save his good-will, for the federation possessed neither patronage nor power and never attempted, or would have been allowed, to interfere with the arrangements of the whips' room.

That ends the quotation, and the right hon. gentleman continues:

That is the position in England. The chief organizer of the party had to do with the obtaining of party funds, and he obtained them from different persons.

So we have now described the qualifications of the new organizer, because I think there has been no change in the attitude of mind of the right hon. gentleman of the qualities which are necessary in a great organizer. In the words I have quoted, Mr. Spender properly described Sir Robert Hudson as having the ability to get thousands of dollars from rich men when prime ministers would not get a penny. It is fitting that one possessed of such wealth should find himself in that position, because it will be exceedingly interesting to the farmers in the west to learn the sources of this ancestral fund.

Let us proceed a step farther. Recently the hon. gentleman, Mr. Massey, made a trip across Canada. Ostensibly his trip was made for the purpose of addressing Canadian clubs. He spoke to them of conditions in Manchuria, the situation in Shanghai, and the differences between Japan and China. In the evening he gathered together a faithful few and unfolded to them the plans for the future.

Mr. STEWART (Edmonton): Very good.

Mr. BENNETT: When I see my hon. friend from Edmonton laughing so heartily I know he has had some report of the meeting in Edmonton. And so, they were gathered together in the evening for the purpose of indicating just what should be done to dislodge the present administration. It was felt that a direct attack was hardly the most desirable, but the usual oblique attack was the one most to be desired. So plans for the future were reduced to writing, and as a result I hold in my hand a typewritten copy which was left by Mr. Massey with those whom he had called into conference in western Canada. When I am reading it I am sure my hon. friends from Winnipeg North Centre (Mr. Woodsworth) and East Hamilton (Mr. Mitchell) will realize that in it they find a great tribute to their worth. It is not called, "The Policy of the Liberal party."

[Mr. Bennett.]

Mr. VALLANCE: Is this from Calgary?

Mr. BENNETT: He stopped at Calgary—in fact, he had six people with him there. That was in the evening, after the meeting, of course. He had a magnificent gathering at the Canadian club.

Mr. VALLANCE: Sixty thousand at the next election.

Mr. BENNETT: I would not be so positive. Then, proceeding to Fort William they gathered in a few of the faithful and no one of them took exception and said, "I hardly find it possible to adopt these principles, because they are at variance with my idea of things." He was grateful enough, so it is reported. He himself said: "While there is a good deal of unrest in the world, you can get more votes and more power this way than the other." The document I have before me is not entitled, "The Policy of the Liberal party," but at the head I find the words: "The League for Social Reconstruction." I shall read it:

The league for social reconstruction is an association of men and women who are working for the establishment in Canada of a social order in which the basic principle regulating production, distribution and service will be the common good rather than private profit.

The present capitalist system has shown itself unjust and inhuman, economically wasteful, and a standing threat to peace and democratic government. Over the whole world it has led to a struggle for raw materials and markets and to a consequent international competition in armaments which were among the main causes of the last great war and which constantly threaten to bring on new wars. In the advanced industrial countries it has led to the concentration of wealth in the hands of a small irresponsible minority of bankers and industrialists, whose economic power constantly threatens to nullify our political democracy.

I do not wonder my hon. friend from West Edmonton finds it difficult to maintain his usual sober appearance. It continues:

The result in Canada is a society in which the interest of farmers and of wage and salaried workers—

He gets them all.

—the great majority of the population—are habitually sacrificed to those of this small minority. Despite our abundant natural resources the mass of the people have not been freed from poverty and insecurity. Unregulated competitive production condemns them to alternate periods of feverish prosperity, in which the main benefits go to speculators and profiteers, and of catastrophic depression, in which the common man's normal state of insecurity and hardship is accentuated.

We are convinced that these evils are inherent in any system in which private profit is the main stimulus to economic effort. We

therefore look to the establishment in Canada of a new social order which will substitute a planned and socialized economy for the existing chaotic individualism and which, by achieving an approximate economic equality among all men in place of the present glaring inequalities, will eliminate the domination of one class by another.

Mr. STEWART (Edmonton): Is the Prime Minister reading from statements by H. W. Wood of Calgary?

Mr. BENNETT: No. This is by Mr. Massey, the new organizer of the Liberal party. This is the parlour socialism of that party. But wait until you hear the rest of it:

As essential first steps towards the realization of this new order we advocate:

(1) Public ownership and operation of the public utilities connected with transportation, communications, and electric power, and of such other industries as are already approaching conditions of monopolistic control.

(2) Nationalization of banks and other financial institutions with a view to the regulation of all credit and investment operations.

(3) The further development of agricultural cooperative institutions for the production and merchandising of agricultural products.

(4) Social legislation to secure to the worker adequate income and leisure, freedom of association, insurance against illness, accident, old age, and unemployment, and an effective voice in the management of his industry.

(5) Publicly organized health, hospital, and medical services.

(6) A taxation policy emphasizing steeply graduated income and inheritance taxes.

I am sure the hon. gentleman from Acadia has heard that.

(7) The creation of a national planning commission.

(8) The vesting in Canada of the power to amend and interpret the Canadian constitution so as to give the federal government power to control the national economic development.

I commend that to the members from Quebec. There go your provincial rights, there go your provincial constitution.

Mr. CASGRAIN: Not at all.

Mr. BENNETT:

(9) A foreign policy designed to secure international cooperation in regulating trade, industry and finance, and to promote disarmament and world peace.

The league will work for the realization of its ideal by organizing groups to study and report on particular problems, and by issuing to the public in the form of pamphlets, articles, lectures, etc.,—

I hope the difficulty will not be so great—as indicated by the right hon. gentleman last year—in getting money to print them.

—the most accurate information obtainable about the nation's affairs in order to create an informed public opinion. It will support any political party in so far as its program furthers the above principles; and will foster cooperation among all groups and individuals who desire in Canada the kind of social order at which the league aims.

This is not the production of Mr. H. W. Wood, as the hon. member for West Edmonton (Mr. Stewart) said; this is a copy of the document left by the new organizer of the Liberal party.

Mr. VALLANCE: Who is he?

Some hon. MEMBERS: Sit down.

Mr. BENNETT: Mr. Vincent Massey. I commend this new declaration to the consideration of the house because it indicates that change for which we have all been waiting, namely, an effort to take advantage of what may be described as the unrest and the distrust incident to the present economic condition and to capitalize it for party advantage through the oblique attack of the establishment of social reconstruction.

Mr. WOODSWORTH: Will the Prime Minister permit one short statement? The document which he has read was published in the April issue of the Canadian Forum, and has nothing whatsoever to do with Mr. Massey; it is issued by an organization which is extending across Canada.

Mr. BENNETT: All I can say is that the hon. gentleman might speak for himself. This was left by Mr. Massey at one of our western cities.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: May I ask the Prime Minister a question?

Mr. BENNETT: Surely.

Mr. MACKENZIE KING: What is the Prime Minister's authority for saying Mr. Massey is the new organizer of the Liberal party?

Mr. BENNETT: A current report stating that rooms had been rented in this city by him and that he was about to establish himself there as the head of the organization.

An hon. MEMBER: About?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: May I say to my right hon. friend that there is no thought in the world of Mr. Massey being appointed organizer of the Liberal party, nor do I think he would accept such a position. I hope Mr. Massey will accept the position of president

of the National Liberal Association, which is quite a different position from that of organizer of any party; but he has not agreed to accept that position as yet, although I repeat, I hope he will.

Mr. BENNETT: If he is president of the National Liberal Association I might have known he would hardly accept a position by the name I have indicated. Part of the literature sent out by that association I had the privilege of reading to-day. From a perusal of that document you would not think this country was passing through a crisis or anything else. It is one of those rather amusing documents not intended for serious consumption; and the sudden gathering of a few of the faithful in Halifax not long since was, I presume, for the same purpose.

Mr. RALSTON: Would the Prime Minister—

Some hon. MEMBERS: Sit down.

Mr. RALSTON: Would the Prime Minister give the house his authority for stating that this document was left by Mr. Massey in the sense of being political propaganda? Because that is the implication he endeavoured to convey.

Mr. BENNETT: I certainly endeavoured to leave that impression. At a gathering of a small number of people it was left with them by Mr. Massey. But as the hon. gentleman says, a document similar in terms did, I believe, appear in the Canadian Forum. You see that is the way it is done—never attack directly; do it obliquely.

I wish now to direct my attention for a few moments only to the matter that the right hon. gentleman referred to this afternoon—the Imperial conference to be held in this city this year. It is said by him to be regarded as the adjournment of the former conference. I believe it is not so regarded; at least I am so informed. It may be that the conference of 1930 was a failure. The right hon. gentleman said it has been described by someone as a tragedy.

Mr. MACKENZIE KING: By the Prime Minister of Australia.

Mr. BENNETT: Yes, Mr. Scullin.

Mr. MACKENZIE KING: And the ex-Prime Minister, Mr. Bruce.

Mr. BENNETT: Mr. Bruce was dealing with another phase altogether.

Mr. MACKENZIE KING: No.

Mr. BENNETT: Just let me proceed.

[Mr. Mackenzie King.]

An hon. MEMBER: He doesn't like it.

Mr. BENNETT: Do not be so anxious to interrupt without being able to offer any contribution of assistance. I am always willing to be interrupted by those who have any suggestions to make that call for an answer, but the suggestions that come from the hon. gentleman who has been making them sotto voce are not calculated either to enhance the debate or to render any contribution to our knowledge. Whether or not the conference was a failure is a matter of opinion. So far as my position in it is concerned, it seems to afford great satisfaction to a number of gentlemen opposite to endeavour to have it said that I am responsible for what they conceive to be the failure of the conference.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Well, if they are interested in reading Hansard they will find that as long ago as 1928 I had said that if we had power my first effort would be to endeavour to call an economic conference of the British empire in this city. I went to London with a very definite idea in my mind. I gave expression to it, and I believed it would be received exactly as it was received. But I said there was a principle that had to be settled first. Those who will do me the honour of reading what I said will find clearly stated the principle that must first be settled. The electors of Great Britain settled it. As soon as they had settled it I invited the representatives of every part of the British Empire to come to this city to a conference, and the date has been fixed for the 21st day of July. They are coming, so they say. Therefore the purpose which I had in mind in 1928, which I never failed to keep before me, the one ambition that I entertained if we did come to power I hoped to see realized. In that regard may I say that I have under my hand the memorandum left by Sir Wilfrid Laurier in 1902, when he ceased to agree with his colleagues and took a definite stand with respect to Imperial preference. It is true it was not followed by action, it is true it was not followed by any considered effort to achieve it, but when I read it it will be realized that we at least have now seen accomplished that which he said should be accomplished but failed to accomplish, as did his successors in office. Let us look at it. Because of the misstatements that have been made from time to time, year after year, I am going to take the trouble to read this into Hansard. It has to do with the conference of 1902 beginning at page 36. The Canadian ministers handed in the following

memorandum to explain their attitude on this question, that of preference. Listen to these words:

Memorandum by Canadian Ministers

This subject has frequently engaged the attention of the conference. At an early stage Mr. Chamberlain suggested that the question could most conveniently be considered by the representatives of each colony. . . .

They were then called colonies, not dominions.

. . . placing themselves in communication with the president of the Board of Trade, Mr. Gerald Balfour, and the officials of that department. Accordingly the Canadian ministers had several protracted interviews with these gentlemen, and discussed the whole subject very fully. Opportunity was also taken to present the Canadian view to Mr. Chamberlain. Now that the conference is drawing to a close, it is desirable that the course of the discussion, and the conclusions reached by the Canadian ministers, should be outlined and placed on record.

From the beginning of the proceedings the Canadian ministers have claimed that in consideration of the substantial preference given by Canada for some years to the products of the mother country, Canadian food products should be exempted in the United Kingdom, from the duties recently imposed. Representations to this effect previously made through the High Commissioner for Canada were supplemented by the ministers, both in writing and in the personal interviews with the imperial ministers.

Mr. Chamberlain, on behalf of the Imperial government, was unable to agree to the proposals of the Canadian ministers. He represented that the Imperial government, while highly appreciating the good feeling manifested by Canada in the granting of preferential treatment, did not think the material results to the trade of the United Kingdom were as great as the Canadian ministers claimed. He further said that the change desired by Canada would be an important departure from the established fiscal policy of the kingdom, and that if the proposals could be entertained at all, as to which he was not prepared to commit himself, it would be necessary for Canada to offer some material tariff concessions beyond those which she had already voluntarily given.

I would say that sounds like bargaining.

The Canadian ministers, therefore, submitted a memorandum on the subject of the advantages already received by Great Britain from the Canadian preferential tariff, with a view to showing that these were of much value, and entitled to weight in the consideration of the whole subject.

While urging that the benefits of the preference were such as to entitle Canada to the desired exemption from the duties on food products in the United Kingdom, the Canadian ministers stated that within certain limitations they were prepared to consider the request of Mr. Chamberlain for further concessions in return for the desired preference in the markets of the United Kingdom.

Is that bargaining or is it not?

While it was not deemed necessary to enter into questions as to the wisdom or unwisdom of the policy adopted by all governments in Canada, of raising the revenues chiefly from customs duties, the Canadian ministers pointed out that under that policy large industries had grown up which had to be considered in connection with proposed tariff changes.

I wonder what more than that was said by this government.

Large reductions of duties had been made in recent years, especially on British imports. It was feared that in some lines of importance further reductions might create a disturbance of trade which would not be conducive to the welfare of the country. But the Canadian ministers pointed out that the Canadian tariff was by no means prohibitive, that large quantities of goods were imported, and that a great proportion of these came from foreign countries. In any lines in which it appeared that the goods would be manufactured in Great Britain it might be possible to so readjust some duties as to give an additional advantage to the British manufacturer, and thus turn over to him a volume of trade which at present is held by the manufacturers of foreign countries.

Is that bargaining or is it not?

The Canadian ministers stated that if they could be assured that the Imperial government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied, or hereafter imposed, they, the Canadian ministers, would be prepared to go further into the subject and endeavour to give to the British manufacturer some increased advantage over his foreign competitors in the markets of Canada.

Is that bargaining or is it not?

Meanwhile the Canadian ministers determined to present to the conference a resolution affirming the principle of preferential trade, and the desirability of its adoption by the colonies generally, and also expressing the opinion of the prime ministers of the colonies that His Majesty's government should reciprocate by granting preferential terms to the products of the colonies in the markets of the mother country. The Canadian ministers desired to have it understood that they took this course with the strong hope and expectation that the principle of preferential trade would be more widely accepted by the colonies, and that the mother country would at an early day apply the same principle by exempting the products of the colonies from customs duties.

Listen to these words, Mr. Speaker, which constitute the mild threat about which we have heard. Perhaps in this age it was expressed more vigorously, but we gave utterance to exactly the same thoughts here contained.

If, after using every effort to bring about such a readjustment of the fiscal policy of the empire, the Canadian government should find

that the principle of preferential trade is not acceptable to the colonies generally, or the mother country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.
London, August 11, 1902.

I wonder what hon. gentlemen opposite will say now.

Mr. RALSTON: Will my hon. friend permit me a question?

Some hon. MEMBERS: Sit down.

Mr. RALSTON: Will my right hon. friend permit me just to remind him that at that time the fiscal policy of Great Britain was the imposition of duties, and all that was being suggested by the Canadian representatives was the hope and the expectation that Great Britain would reduce its tariff as against Canada. My right hon. friend—

Mr. BENNETT: I have read it.

Mr. RALSTON: But that is what it says.

Some hon. MEMBERS: Order.

Mr. BENNETT: I think the hon. gentleman might take his seat. I do not desire to enter into a discussion with him.

Mr. RALSTON: My right hon. friend offered in exchange—

Mr. BENNETT: The hon. gentleman has said that the fiscal policy of Great Britain at that time imposed a duty upon corn, and that Canada desired to secure free entry for her wheat into the markets of the United Kingdom. But I have read the memorandum, and it speaks for itself. It is a bargaining memorandum, and it speaks for itself. It is a bargaining memorandum and it threatened England, saying that unless she did give a preferential tariff Canada would take such steps as might be regarded as necessary.

Mr. RALSTON: It speaks of hope and expectation.

Mr. BENNETT: Perhaps after the hon. gentleman has read it he will understand it.

Mr. RALSTON: I have read it.

Mr. BENNETT: That must have been a long time ago.

One more thing, Mr. Speaker. It has been suggested that this government is not making any active preparation with which to meet the conference. This government will discharge its duty to the full in that regard. If the agenda which was read, and which was made public in July of 1930, was prepared by the British government, as I believe it was, at the time it was being prepared the right hon. gentleman was Prime Minister of this country.

That is clear. All that I know of the agenda with respect to the 1930 conference was what I said I found in the despatches in the office when we took over. The agenda for this conference will be prepared, as we believe it should be, after we have had what consultation it is possible to have by cable, and if those people who are desirous of attacking any effort which they think redounds to the credit of those making it will just bide their peace and await the event, they will discover that this government is ready and prepared to deal with every problem that will be met with by that conference in a manner worthy of this dominion and of the knowledge which is possessed by those who will represent it.

I do not propose to say more in this respect. I do not propose to traverse the ground as to what shall or shall not be discussed at that conference. As to its importance, on the one hand the right hon. gentleman minimizes it, and on the other hand he magnifies it. It is one of the difficulties of the party opposite that they can see no merit in any proposal that does not originate with themselves. This party sat in opposition for long years, in good repute and ill. During that time in the country in which I live it was almost an offence to call oneself a supporter of this party, but during all that time I kept one constant beacon light before me; I had the firm belief and faith that in such a conference lies the best assurance of the development of every part of the British Empire and of my own country as well. I deny the right of any man to say that you do not promote the growth and development of the commonwealth of British nations as you promote the growth and development of that part in which you live. It has been said by reputable statesmen in Great Britain that there must be supreme confidence in our ability to develop our country and start on a new pathway of progress. We believe that this empire consists of an aggregation of units; this commonwealth of nations consists not of one but of many, and the development, the prosperity and the wealth of each makes for the advantage of the whole. To that end we have at least devoted as much time as we have been able to find under the conditions under which we labour here. Every day brings a new problem; almost every hour brings some difficulty with which we have to deal, and if the opposition decides to take two or three weeks to discuss problems for the purpose of preventing us from being able to go about the country's business, they must accept the responsibility. We should like to be engaged in considering these problems, and the opposition must accept full responsibility for what has transpired, as they said they would.

But, sir, in conclusion I desire only to say that we met this country at a moment of the greatest difficulty in the world's history. We met it at a time when there was evidence of improvement, but that evidence has been dissipated. We are now confronted with an even greater difficulty, the second effort, as I describe it and as Sir Arthur Salter and others describe it. We are now confronted with the second effort towards world rehabilitation, towards prosperity and towards overcoming the depression. A second effort always is more difficult than a first; when you are beaten back it takes more courage to call up your reserves of strength, vigour and determination than it does in making the first effort. But this government, these gentlemen who sit here, have earnestly and honestly endeavoured to discharge the great responsibilities which rest upon them, with an eye single to the advancement of this country. We have suffered much, we have endured much; this country's people have endured much, our population has suffered much, and those who would endeavour to turn that suffering into narrow party capital are entirely forgetful of their obligations to Canada. However, I have not lost my faith in the people of this country.

Mr. SANDERSON: The people have lost their faith in you.

Mr. BENNETT: If the hon. member for South Perth (Mr. Sanderson) would stand in his place to make his statements, it would be much better.

I am willing to balance the confidence which the people of this country have in the government against the confidence they have in the opposition. I believe that they fairly and clearly appreciate and realize the burden, the difficulties and the responsibilities under which we labour. I believe nothing more clearly expresses the thought which is in the mind of every hon. member who sits to the right of the Speaker than the words of the poet laureate:

> Though much is taken, much abides; and though
> We are not now that strength, which in old days
> Moved earth and heaven; that which we are, we are;
> One equal temper of heroic hearts,
> Made weak by time and fate, but strong in will
> To strive, to seek, to find, and not to yield.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker—

Some hon. MEMBERS: Question, question.

Mr. NEILL: I hear the rabble rabbling, I hear the sounding brass and the tinkling cymbals.

I rise with not the least intention of answering in any sense the able speech of the Prime Minister (Mr. Bennett) because I realize that I am entirely not in a class which enables me to do so, more especially without preparation. But even with my mediocre knowledge and ability it seemed to me that on one or two occasions there was some rather astute skating on very thin ice. The Prime Minister made the claim that Canada was seeking to obtain and hold a favourable balance of trade. When the right hon. leader of the opposition (Mr. Mackenzie King) asked him what would happen if every nation adopted that policy and how could every nation have a favourable balance of trade, the Prime Minister evaded the situation by brushing it aside and saying he was not concerned about the other fellows, he was concerned only with Canada. That was the position taken for many years by the United States; as long as they were the principal tariff country and other countries, especially Great Britain, were free trade, they could work that game of playing both ends against the middle, but that has ceased to be any longer possible. I think it was Sir Josiah Stamp who told us the other day that you cannot make tariffs to-day for a few months or even a year or two ahead, you must look ahead for a decade or even two decades.

Following out that principle, I humbly submit that if the nations of the world go on as they are doing and build up tariff walls without considering what will happen when all nations have similar walls, there will be trouble. The result will be that in time every nation will be driven to protection, every nation will have a tariff wall around itself and will be engaged in trying to grab or steal a little trade from its neighbour or some other nation. We will be driven more and more into what I would call exotic internal trade, that is, to give it its final extreme analysis, we will find Canada growing our oranges while tropical countries grow their own wheat. The net result of this stealing and grabbing will not increase the total trade of the world by one iota. The end of all these tariffs wars, if indeed they do not end in physical war as has so often been the result in the past, will be compulsory universal free trade. Every nation will then produce those articles which it is best fitted by climatic or other conditions to produce; it will be able to sell cheap and buy cheap and each individual will have greater purchasing power, each individual will buy not only more necessities but more luxuries

of life and in that way we will overcome two of the greatest obstacles confronting us to-day, one the lack of markets and the other, overproduction. In that way we would increase markets instead of trying to steal them from each other. I submit that is more like the ultimate solution than building up a favourable trade balance and hoping and praying that the other fellows will not have brains enough to do the same thing.

I was very much impressed by the opening remarks of the Prime Minister when he told us with almost bated breath that we were in the midst of a world crisis, how solemn, how serious the condition was, what a strain it was upon the government, what long hours it entailed and what a serious condition confronted them. Yet, sir, that impression was rather dissipated later on when I found that, in spite of this world crisis, the Prime Minister of all Canada had time to condescend or shall I say, to descend to discuss at considerable length such a petty matter as a supposed organizer of the Liberal party, a matter which surely is one entirely concerning the Liberal party and no one else. I was listening, expecting to hear him reveal next the source from which I buy my milk or to whom I sell my potatoes. There was also an attempt made, somewhat unworthy, I think, to fasten upon the supposed organizer some propaganda that had been picked up somewhere and an effort made to connect it up with the Liberal party, which was exploded by the hon. member for Winnipeg North Centre (Mr. Woodsworth), who announced it had been published months ago and was the propaganda of a society which had no connection with the Liberal party or with Mr. Massey. If those are the matters that engage us in this serious crisis, perhaps it is not so serious, or else it is not being taken in the right spirit. That is all I have the time to discuss in connection with the remarks of the right hon. gentleman.

I was going to remark in rising that I was refused three minutes yesterday and I shall take forty minutes to-day. I should like to make just a few remarks—and very few will suffice—to answer the observations made last night by the hon. member for Victoria, B.C. (Mr. Plunkett). The situation as regards the relief condition in British Columbia is very simple. A committee of the house was appointed to investigate it, there being seven Conservatives and four Liberals on that committee. The whole and obvious purpose of the investigation was, as I told the house, when speaking here on March 1, to whitewash the government. That was achieved in abundant measure, pressed down and running over. The whitewash was put on so thick that for a moment it almost concealed the truth and the facts. But whitewash is a powder and it needs to be mixed with some liquid. Instead of the liquid of truth, they used the slime of political exigency. Then when the air and sun of popular opinion got at it, the slime evaporated and the powder blew away and revealed the dark, damning facts as black as ever they were before.

Much comment was made regarding a gentleman called Major H. Brown, in Vancouver, who dared to be a Daniel, who dared to stand, not alone, as he has many friends, but aloof from his party friends and to say that the whole proceeding of the investigation was a farce, which, indeed, is the fact. I may say he is a very reputable citizen, president of the board of trade and manager of a big steamship company. This is my comment on Major Brown:

> Major Brown in saying his say, and in standing by his guns when challenged, acted the part of a good citizen. In speaking as he did, he was merely giving voice to the thoughts and suspicions which have been turning over and over in the minds of scores of thousands of British Columbia people during the past weeks. Mr. Brown was making public opinion articulate, and in censuring him the members of the legislature merely passed a vote of censure on a very large number of their constituents.

I said that those sentiments are mine, and so they are, but I have merely adopted them from an editorial in the Vancouver Province from an extract which I have read word for word. That newspaper is taking a broad and timely stand in this matter. I am not going to say any more on the subject; I am satisfied to leave it to the people of British Columbia, each in his respective district, who, I am aware, know the facts and who, I am equally assured, will remember them.

The hon. member for Victoria dug up a couple of cases of fraud with an insinuation or suggestion that this was quite common among the idle men. To cite the cases of two out of 30,000, 40,000, or perhaps 50,000 men is not a very conclusive argument; but why did he not tell the house of the waste of thousands and tens of thousands of dollars on the road foremen, and straw bosses, who by reason of their political affiliation were given big wages, men well fixed and comfortably off, some of them employing men at home on their farms and getting wages running from $8 to $10 a day, this meaning simply that so many more destitute men had to go without work on account of the large

sums of which these politically appointed bosses received the benefit? Why did he not tell the house of the item to which I alluded on the orders of the day, where the British Columbia government—I almost blush to say this since I come from that province myself—announced an income tax on relief wages. Imagine a man receiving maybe three or four days' work a month being taxed on income upon those miserable dollars, collected before payment. Is this conceivable? It is hardly believable if it were not given the authority of a circular issued by the provincial deputy minister of public works. I think that statement ought to be embalmed in history as an example of supreme political stupidity, and the minister who gave instructions for that order to be issued should be embalmed also so that children could look at him in a museum and say: That is the man who performed such an act. That also will the people deal with when the time comes.

I wish to protest against the statement made by the hon. member in connection with the young people of our country and particularly of British Columbia. He was speaking about the university of that province, so I presume he was alluding to the students there. He said:

> University students of to-day seem more capable and informed upon communism, atheism and companionate marriage than they are upon political economy or any national virtue. . . .

I consider that to be a gross slander, wholly unjustified, upon our young people. I challenge him to give a single instance of companionate marriage occurring among the male students and the co-eds in the University of British Columbia. My own daughter went to that university and when she came back she was not talking communism, atheism or companionate marriage, which is a euphemistic term for free love. I am satisfied there are thousands of our young people, clean living, clean thinking boys and girls, to whom that statement is equally applicable. I deplore, I deprecate the hon. member's using his privilege in the house to make such an observation as he has done. Even a carrion-eating vulture keeps his own nest clean.

Let us pass from the parish politics of the hon. member for Victoria, to the bigger interests of Canada. Might I say in passing, I have no ill-will at all towards the hon. member—just pity! I am addressing myself now to the Canadian situation. We might well say: "Watchman, what of the night?" For surely we are passing through a time of political darkness in the history of this country. My deskmate, the hon. member for Labelle (Mr. Bourassa), at the beginning of the session made the statement that Canada was looking to the government to give us a lead out of our distress. I agreed with him and he and I made a compact that we would not at the beginning of the session vote want of confidence in the government, to give them an opportunity to develop their policies. The session is nearly over and we might well ask ourselves now: What have we got? We started this parliament, it will be remembered, with the echo in our ears of the grandiose pledges on which the party opposite rode into power. We are all familiar with them, and I shall repeat only one:

> Find work for all who are willing to work or perish in the attempt.

These are brave words. They have a fine sound, a magnetic ring, one well calculated to appeal to and capture the imagination of the hesitating and waiting nation and they did capture it, and the Prime Minister received his mandate. But alas and alack the conditions were not fulfilled, the goods were not delivered, but the honourable author of them did not perish in the attempt. Rather he has gone on to higher and higher peaks, seeking the goal of unrestricted authority and unlimited power. But, sir, there was perishing although he did not do it. The perishing, unfortunately, was done by the people. The middle class became poor, the poor became destitute, and the destitute became starving.

What have we had in the last two years? Two years of enormous budget deficits. Two years of enormous and almost unparallelled increase in taxation, and to-day in spite of the great increase in taxation we have every reason to believe that there will probably be a further deficit next year and a further increase in taxation.

Now I come to the question of unemployment. There are two phases to that question. There was the pledge to end unemployment, and the pledge to relieve the distress caused by unemployment. We are nearing the end of the session and we have not yet seen either in the speech from the throne or since any word or suggestion of legislation calculated to end unemployment as such. As regards the relieving of distress we have had a conference lasting one day or one day and a half, a conference which the members on this side frequently advocated last year and were howled down and ridiculed every time they made the suggestion, a conference which if it had been held a year ago would have been productive of greater good and more far-reaching effects than can now be the case.

What else have we got? We have the resolution on the order paper to-day couched in the usual somewhat vague language of resolutions indicating that a measure will be brought in authorizing the government to enter into agreements respecting relief measures with the provinces, and it talks about providing for the relief of distress and the support and maintenance of those requiring assistance. We are entitled to draw from that the conclusion which the words imply, that the only relief granted will be in the form of what is called direct relief. We are strengthened in that belief by the fact that the representatives of the province of British Columbia and one of the other provinces, when they returned home after the conference recently held, announced publicly in the press that this government had decided that there was to be no more relief work but only direct relief. It may be said that that is only conjecture. Well, it is the best that we have to go upon, and reading the language of the resolution, coupled with the statements made by the provincial representatives, and they made their statements separately, it has all the earmarks of being correct. So apparently we are committed to the pittance of a dole, in spite of the decided statements made by the Prime Minister during the election campaign when he said: I will not tolerate the dole; as long as I am Prime Minister of Canada no such system will be inaugurated. But now we are going to get the dole, and the most debasing form of the dole. It has not even the benefits that attach to the dole in Great Britain, where at least some self-respect is left to the recipients, because when they work they contribute towards the fund. But here it is straight charity, and no work. It is lowering to a man's morale and worse than anything that we have yet encountered. If I may judge the future by the past, and I think that is a reasonable thing to do, this dole will be filtered out through the channels of the provincial governments and absolutely through the political party machines.

I come to another subject. I am beginning to fear that the members of the cabinet are not living up to the confidence which the people reposed in them. It is said in scripture that when the leaders lack vision the people perish. I am not speaking of the rank and file. They are all right. The people of Canada do not appreciate how generally decent and honest and hard-working and willing to do the right thing the rank and file are. The people only see the government and the government's policies, but the rank and file are generally decent and honest and all right. The men on the treasury benches may be all right. I hope they are, but they are keeping some pretty strange bedfellows these days. They are worshipping strange gods. We have different kinds of gods from what there were in the old days when people worshipped idols of wood and stone, but still we have strange idols to-day which are just as inimical to the welfare of the nation. When I look over there I think I see them worshipping certain strange gods, the gods of the bankers, the gods of the big railway and transportation business, the gods of the manufacturers' association, the gods of the millionaires, and above all and permeating it all, the god of power. The blood lust for power is like a fatal fever that burns itself up with the heat that it itself engenders, until finally the victim of the lust for power, just like the victim of some drug, finds himself in the position where he calls to high heaven: "Give me power, more power; never mind at what price, or suffering or sacrifice. Let me ride the juggernaut car of power over the prostrate bodies of the Canadian people and trample under foot the liberties which the Canadian people now enjoy." When I look over there and see the worshipping of these strange gods, I notice that there are some gods missing. I do not find there the god of the workers, the god of the unemployed, the god of the hungry. I do not find there the God of our christian faith, the great Founder of which in His gentle precepts taught us to aid the sick and the suffering and the oppressed, and when he taught those great principles, he was not afraid of being accused of paternalism or socialism, which is the cry always put up to-day when we seek to alleviate the lot of people less fortunate than ourselves. All down through the ages there has never been a greater socialist depicted than the Saviour of mankind Himself.

Some days ago the hon. member for Marquette (Mr. Mullins) told us that he wanted to go back to what he called the good old times. I suppose he was alluding to thirty or forty years ago. Following that up, I suggest that these worshippers of strange gods had better go back, not forty or fifty years, but two thousand years, go back to the worshipping of idols of wood and stone. They at least were harmless; they could do no harm even if they did no good. When the British were fighting the Maoris, the native race in New Zealand, the Maoris spent a lot of time putting a taboo on a certain mountain in the

belief that the great spirits would prevent any white man trespassing there and would prevent the British soldiers pursuing them. Again, during the Ashanti expedition on the Gold Coast, the British soldiers as they marched to Kumasi, the capital, found the road on each side besprinkled with fetishes, little scraps of tinsel, little bits of coloured paper and cloth, scattered over the bushes in the belief that it would stop the oncoming of the white man. At least the exercise of these beliefs by these benighted people was harmless, but the gods worshipped by my hon. friends opposite are not harmless. They are selfish and greedy and class conscious. It it a worship that debases the good instincts of its devotees. It preys upon humanity; it preys upon those better traits that distinguish us from animals. Biblical history tells us that Aaron the high priest allowed the children of Israel to set up a golden image and worship it. For that he was forbidden to lead them into the land of Canaan, the promised land, but was compelled to die in the wilderness. If my hon. friends opposite do not change their gods and worship the gods of the common people of Canada I am afraid the same fate will befall them. I am not afraid of the future of Canada. We are a virile race. There is a saving remnant amounting to millions, who have not bowed the knee to Baal and have not worshipped before the golden calf. In the hands of those people lies the future saivation of Canada. We want another Moses, to lead us out of the wilderness of depression. We want another Elijah to teach us more faith in Providence, more faith in each other and more faith in our own ability and courage. We want another Nehemiah to lead us back out of the Babylon of poverty. It is my earnest hope and prayer that this rebirth of Canada may come soon.

The house divided on the amendment to the amendment (Mr. Gardiner) which was negatived on the following division:

YEAS

Messrs:

Campbell,
Carmichael,
Coote,
Gardiner,
Garland (Bow River),
Heaps,
Irvine,
Kennedy (Peace River),
Lucas,
Luchkovich,
MacInnis,
Macphail, Miss,
Mitchell,
Neill,
Speakman,
Spencer,
Woodsworth.—17.

NAYS

Messrs:

Ahearn,
Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Barrette,
Beaubien,
Beaubier,
Belec,
Bell (St. John-Albert),
Bennett,
Bertrand,
Bothwell,
Bouchard,
Bourgeois,
Bowen,
Bowman,
Boyes,
Bradette,
Brasset,
Burns,
Bury,
Butcher,
Cahan,
Cantley,
Cardin,
Casgrain,
Casselman,
Cayley,
Chaplin,
Chevrier,
Cormier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Davies,
Cowan (Long Lake),
Denis,
Desrochers,
Dickie,
Donnelly,
Dorion,
Dubois,
Dupuis,
Duranleau,
Edwards,
Elliott,
Embury,
Ernst,
Esling,
Euler,
Fafard,
Fiset, Sir Eugène,
Fontaine,
Fortin,
Fournier,
Fraser (Cariboo),
Gagnon,
Ganong,
Garland (Carleton),
Girouard,
Gobeil,
Gordon,
Goulet,
Gray,
Guthrie,
Hackett,
Hall,
Hanson (Skenea),
Hanson (York-Sunbury),
Harris,
Hay,
Heenan,
Howard,
Howden,
Hurtubise,
Ilsley,
Jacobs,
Johnstone,
Kennedy (Winnipeg South Centre),
King, Mackenzie,
Lacroix,
Laflèche,
Lapointe,
Larue,
Laurin,
Lawson,
Loucks,
Macdonald (Kings),
Macdougall,
Mackenzie (Vancouver Centre),
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McDade,
McGibbon,
McGregor,
McIntosh,
McMillan (Huron South),
McPhee,
Malcolm,
Maloney,
Manion,
Matthews,
Moore (Chateauguay-Huntingdon),
Moore (Ontario),
Morand,
Motherwell,
Mullins,
Murphy,
Myers,
Nicholson,
Parent,
Peck,
Perley (Qu'Appelle),
Perras,
Pettit,
Pickel,
Plunkett,
Porteous,
Power,
Price,
Quinn,
Rhéaume,
Rinfret,
Roberge,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Ryerson,
St-Père,
Sanderson,
Sauvé,

Séguin,	Stitt (Nelson),
Senn,	Stitt (Selkirk),
Shaver,	Sutherlnad,
Short,	Swanston,
Simpson (Simcoe North),	Taylor,
	Tétreault,
Simpson (Algoma West),	Thauvette,
	Thompson (Simcoe East),
Smith (Victoria-Carleton),	Thompson (Lanark),
Smith (Cumberland),	Totzke,
	Tummon,
Smoke,	Turnbull,
Spankie,	Vallance,
Spence,	Veniot,
Sproule,	Verville,
Stanley,	Weese,
Stevens,	Weir (Melfort),
Stewart (Edmonton West),	Weir (Macdonald),
	White (London),
Stewart (Leeds),	White (Mount Royal),
Stewart (Lethbridge),	Wilson,
Stinson,	Wright,
Stirling,	Young.—178.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the amendment to the amendment.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted I would have voted against the amendment to the amendment.

Mr. BOULANGER: I was paired with the hon. member for Lake St. John (Mr. Duguay). Had I voted I would have voted against the amendment to the amendment.

Mr. MERCIER (Laurier-Outremont): I was paired with the hon. member for South Toronto (Mr. Geary). Had I voted I would have voted against the amendment to the amendment.

Mr. McGILLIS: I was paired with the hon. member for St. Mary (Mr. Deslauriers). Had I voted I would have voted against the amendment to the amendment.

Mr. SPEAKER: Is the house ready for the question?

Some hon. MEMBERS: Question.

Mr. SPEAKER: The vote is on the amendment to the main motion.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, it is not my intention to delay the house for more than a few minutes, but to-night the Prime Minister brought into the debate the organization known as the League for Social Reconstruction. As I happen to be the honorary president of that league—

Some hon. MEMBERS: Oh, oh.

[Mr. Neill.]

Mr. WOODSWORTH: Mr. Speaker, you were good enough to defend the Prime Minister against disorder a little while ago; I must ask for the same right.

Mr. SPEAKER: Unless the hon. member wishes the vote to go over until to-morrow it will be necessary to have unanimous consent to proceed after eleven o'clock.

Mr. MACKENZIE KING: Unanimous consent.

Some hon. MEMBERS: Go ahead!

Mr. WOODSWORTH: Mr. Speaker, as I happen to be the honorary president of the organization, I feel it incumbent upon me to clear it of some of the aspersions that have been cast upon it by the Prime Minister. I am not certain whether or not Mr. Massey is a member of the society, but I do not imagine he is. However, the Prime Minister sought to make a great deal of political capital out of the fact that apparently Mr. Massey had left in the city of Calgary a copy of the manifesto issued by this organization. As a matter of fact—

An hon. MEMBER: Massey's in de cold, cold ground.

Mr. WOODSWORTH: The hon. gentleman does not like it and I have no doubt the Prime Minister does not like it either. I will make my speech, and I will take my time to make it. I have already told the house that I intended to take only a few minutes. If hon. members opposite will do me the courtesy of maintaining order I will be brief. I say the Prime Minister has brought in the name of Mr. Massey—

An hon. MEMBER: You told us that.

Mr. WOODSWORTH: —and linked with it the League for Social Reconstruction. An effort was made apparently to show there was something very curious about this league; that it represented a new political alignment of some kind, that this manifesto was delivered to the faithful after a lecture had been given to the Canadian Club, and all that kind of thing. Now, as a matter of fact, as I attempted to say in a word to the Prime Minister, the organization of this society was publicly announced some time ago. The organization was commented upon and the manifesto published in the April number of the Canadian Forum. The Canadian Forum is quite a reputable journal published in Toronto by J. M. Dent and Sons. It is obvious that the Prime Minister and his immediate associates do not read such journals as the Canadian Forum. I know in some

quarters it is considered to be somewhat of a high-brow journal; perhaps that is the reason why the Prime Minister does not read it. I should like to suggest that there are a great many papers being published in this country with which the Prime Minister seems to be out of touch, and there is a very considerable body of public opinion which does not follow the lead of the Prime Minister and some of his colleagues. For this reason I propose to read two or three paragraphs from an editorial which appeared in the April issue of the Canadian Forum. They are:

Canada lags behind most other countries in her political thinking. But the experience of the last two years has produced a growing number of men and women, even in Canada, who have become very sceptical about the ability of our capitalistic system to produce an efficient or a happy society. Most of these sceptics are probably still more sceptical about the ability of our particular Canadian leaders in finance, industry, and politics to give us any guidance in our crisis.

An hon. MEMBER: Did you write that editorial?

Mr. WOODSWORTH: The question is asked, did I write that editorial?—I did not. That question emphasizes the remark I made a few minutes ago, that a good many hon. members of this house seem to be quite oblivious to the currents of public opinion which are so strong at the present time. The article continues:

But individual critics are helpless by themselves; and there exists no organization in Canada to which such men and women can attach themselves with much enthusiasm. In the hope of helping to fill this gap a group from Toronto and Montreal held a meeting two months ago and decided to launch the League for Social Reconstruction.

I may say that I was not present at that meeting nor had I anything to do with its being held. However, that is by the way and I shall continue with the editorial:

The founders of the league conceive of it a kind of Canadian Fabian society, although they are quite conscious that it does not include in its present membership any Bernard Shaw or Sidney Webb or Graham Wallas or Beatrice Potter. But they hope that it may form the nucleus around which may gather a good many of those unattached critical spirits who find no haven in either of the two national political parties, and whose circumstances do not make it possible for them to join labour or farmer political movements.

As is indicated by that last paragraph, this is not a political but an educational movement. The members of the organization may be Liberals or Conservatives; some may be farmers or labour men, but apparently they do not find themselves very much in sympathy with either the official Liberal party or the official Conservative party as they are constituted to-day. They also confess that as the labour and farmer movements are organized to-day, they do not find a place. I continue reading:

What is most needed in Canada is a clarification of our political and economic ideas. Even if the members of the new society accomplish nothing much more than to work out by discussion among themselves the practical steps in a socialistic program as applied to Canadian conditions, they will have served some purpose.

I know a great many members here are terribly frightened by the words "socialistic program."

An hon. MEMBER: Louder.

Mr. WOODSWORTH: Mr. Speaker, since I cannot obtain order in this house, I would ask you to call it eleven o'clock.

Mr. SPEAKER: The hon. member asked for five minutes of the time of the house, but he has exceeded that time limit by over two hundred per cent. If he wishes to bring his remarks to a close within anything like five minutes, I am inclined to think the house would permit him to do so.

Mr. WOODSWORTH: I have not been able to obtain order, and I propose to finish my speech at a time when I can make myself heard.

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

Wednesday, April 27, 1932

The house met at three o'clock.

REPORTS OF COMMITTEES

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

Second report of the joint committee of both houses on the printing of parliament.—Mr. Robinson.

CANCELLING OF CONTRACTS

Hon. ARTHUR SAUVE (Postmaster General): Mr. Speaker, I have the honour of laying on the table of the house copy of the correspondence in connection with the contracts cancelled without notice since september, 1930.

Mr. DUPUIS: More unemployed!

Mr. LAPOINTE: The mill is working!

Mr. SAUVE: Owing to precedents and the act.

Mr. LAPOINTE: You do nothing else.

Mr. SAUVE: Future will tell.

NEW ZEALAND TRADE AGREEMENT

TABLED BY MINISTER OF TRADE AND COMMERCE—INTRODUCTION OF BILL

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I beg leave to lay on the table of the house a copy of a trade agreement between Canada and New Zealand. I shall at the same time lay on the table, for the convenience of members, should they desire to peruse it, a copy of the customs tariff of New Zealand; and I should also like to lay on the table, for inclusion, with consent of the house, in the votes and proceedings and for the convenience of members, copies of two schedules, duplicates so far as items are concerned, of those that are in the agreement, but setting forth the Brtish preferential rate, the intermediate rate, the general rate and the rate to New Zealand, so that members may have before them printed in the votes and proceedings a comparison of rates in the schedules.

It might be appropriate for me, in laying this agreement on the table, to make a few observations in regard to it.

The history of trade relations between New Zealand and Canada dates back a considerable time. Certain minor arrangements were made between the two dominions during the period between 1900 and 1925, but it was in 1925 that the Dominion of Canada and the Commonwealth of Australia completed a trade agreement, and on October 1, 1925, by order in council, the provisions of the Australian agreement were extended to New Zealand. But on April 12, 1930, notice was given to New Zealand for the cancellation of the said order in council, this cancellation to come into effect at the end of a period of six months, or on October 12, 1930.

The withdrawal from New Zealand of the privileges of the Australian treaty resulted in New Zealand on October 20, 1930, withdrawing the British preference applicable to Canadian motor cars, engines and tires. On June 2, 1931, New Zealand further withdrew from Canada the British preferential tariff on all remaining items. This resulted in a decline of trade. I have before me the figures from August, 1930, down to March, 1932, showing a decline in trade to the month of December last and from December to March a considerable increase in exports to New Zealand. It is of course, expected, with great assurance, that as a result of the consummation of this treaty, that trade will again rapidly increase.

I might point out that the treaty is of a form similar to that with Australia. The main feature is that each of the dominions extends to the other the British preferential rate, with the exception of certain schedules (a) and (b) set forth in the agreement, and under these schedules each country extends to the other certain rates of duties specified therein. But I think the main emphasis should be placed upon the fact that the British preferential rate applies to all the other items not specified in the two schedules.

I shall refer briefly to the main features of the articles of the agreement. Article 1 sets forth where Canada agrees to give New Zealand the tariff treatment specified in schedule (a). Article II provides for concessions to Canada by New Zealand of the British preferential rate with the exception of certain items set forth in schedule (b). Article III is an interpretation clause. Articles IV and V suspend the anti-dumping laws of Canada and New Zealand respectively as regards each other, with this proviso: if one country notifies the other of importations of any goods which would prejudicially or injuriously affect producers or manufacturers of similar goods in the importing country and remedial measures satisfactory to the importing country are not put into effect by the exporting country within thirty days, then the dumping law of the importing country may be applied.

The difference between this procedure and that provided by article IX of the Australian treaty is that the dumping law instead of the general tariff is applied to prevent the importation of goods detrimental to the importing country.

Article VI corresponds to article VI of the Australian treaty in allowing each country to levy special duties such as primage, excise and special charges. That is a more or less formal article. Article VII enables each contracting party, upon giving three months' notice to the other, to increase the rate of duty on any goods in the schedules and in form gives, I might say, to the schedules flexibility which does not exist in the Australian treaty.

Article VIII extends the concessions to New Zealand to the products of western Samoa. Article IX extends the privileges of the agreement to the Cook islands. These two are either mandatory territory or territory annexed to New Zealand, and with respect to these two protectorates of New Zealand Canada gets the British preferential rates.

Mr. STEWART (Edmonton): Will the minister explain the meaning of primage duty?

Mr. STEVENS: It is a duty that New Zealand imposes similar to the excise tax which we impose in Canada. It is applicable to all goods. I may say in regard to that article the duties or taxes that are imposed must be applied to all countries irrespective of where the goods come from or what the agreements are. This, briefly, is an outline of the agreement. In a moment, under the next order, I shall ask leave to introduce a bill.

INTRODUCTION OF BILL

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved for leave to introduce Bill No. 62, respecting a certain trade agreement between Canada and New Zealand.

Mr. MACKENZIE KING: Is there anything further to add by way of explanation?

Mr. STEVENS: I might explain the bill very briefly. Clause 2 provides that the trade agreement is approved and declared to be in force and the law of Canada. Clause 3 empowers the governor in council to make such orders and regulations as may be necessary to give effect to the agreement. Clause 4 is the usual provision that in case of there being anything inconsistent with the agreement, the agreement shall prevail. Clause 5 provides that the act shall come into force on a date to be fixed by proclamation by the governor in council and published in the Canada Gazette.

Our understanding is that New Zealand is anxious that the treaty shall come into force at the earliest possible day, as soon as the two governments can agree to fix a date. I might add that New Zealand tabled this agreement at ten o'clock last night, which would synchronize with three o'clock Wednesday in New Zealand. It was our intention to have tabled the agreement last night but it will be recalled by hon. members that that opportunity was not presented. I may add by way of explanation that the statement appeared in the press this morning because we had fully anticipated the tabling of the agreement last night, and in courtesy to the Canadian Press a copy of the agreement was handed to them in time for publication. But as I said, circumstances did not permit of our tabling the agreement last night.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

WHEAT PURCHASES FOR RELIEF

Mr. McKENZIE (Assiniboia):

1. Was a quantity of wheat purchased in 1931 to be made into flour for relief purposes, if so, how much and where was the grinding done?

2. Was a quantity of flour purchased by or for the relief commission in Saskatchewan, if so, from whom purchased and what amount?

3. Were tenders called for the work of grinding the flour and for the purchase of flour, if so, what are the names of tenderers, the prices quoted in each case, and amounts purchased from each?

4. Were purchases made by the government or by the commission, and were tenders received by the government or by the commission?

Mr. BENNETT:

1. Originally, options were secured for 1,672,000 bushels of wheat, which would produce 380,000 barrels of flour, on the basis of 4 bushels 24 pounds to the barrel. On September 5, the quantity was reduced to 250,000 barrels, and options for 1,100,000 bushels of wheat were retained. The option price of wheat was 53 cents per bushel. The order for grinding was placed with the Canadian National Millers, and they advised the order was distributed as follows:

	Barrels
Quaker Oats Co., Saskatoon	23,409
Spillers Limited, Calgary	9,545
Lake of the Woods, Medicine Hat	43,409
Ogilvie Flour Mills Co., Medicine Hat	43,409
Western Canada Flour Mills, Calgary	43,409
Maple Leaf Milling Co., Medicine Hat	43,409
Robin Hood Mills, Moose Jaw and Saskatoon	43,409
Total	249,999

2. The relief commission in Saskatchewan advised that quantities of flour have been purchased by the commission from local sources

in Saskatchewan. The government has not particulars indicating from whom it was purchased and in what quantities, but efforts are being made to secure the same.

3. No. See answer to No. 1. The price agreed upon was $3.40 per barrel on the basis of the options supplied f.o.b. the mill, with a milling in transit rate supplied by the mill to the ultimate point of destination.

4. The arrangements made to secure the wheat for milling purposes were made by the government before the prorogation of parliament last session, but the details were not completed until September. The deliveries were directed by the commission, which paid the accounts therefor.

ST. VALLIER, BELLECHASSE COUNTY, POSTMASTERSHIP

Mr. BOULANGER:

1. Did the Civil Service Commission hold an examination to replace Mr. Eusebe Marceau, as postmaster of St. Vallier, county of Bellechasse?

2. What is the name of the person who was recommended by the Civil Service Commission to replace Mr. Marceau as postmaster of St. Vallier?

3. Was the person recommended by the Civil Service Commission appointed as postmaster of St. Vallier to replace Mr. Marceau, if not, why?

4. What is the name of the person who was appointed postmaster of St. Vallier as successor to Mr. Marceau, by whom was the appointment made and why was said person appointed?

Mr. CAHAN:

1. Yes.

2. Alphonse A. Bérubé was assigned to the vacancy on the 19th January, 1932.

3. Mr. Bérubé was rejected by the department under section 24 of the Civil Service Act, as unsuitable.

4. Under the act it then became necessary for the commission to make another assignment to the vacancy, and accordingly a certificate for the assignment of the candidate next in order of merit, Mr. Leopold Boulanger, was issued on the 21st March, and the department has advised the commission that this gentleman reported for duty on March 31, 1932.

OFFICIAL HISTORY OF THE WAR

Mr. COOTE:

1. How many volumes of an official history setting forth Canada's participation in the great war have been published to date?

2. How many have still to be published?

3. How long has this work been in progress?

4. When will it be completed?

5. Who wrote: (a) whatever volumes have already been published; and (b) the volumes, if any, that have not yet been published?

Mr. SUTHERLAND:

1. One volume has been issued to date, namely the History of the Medical Services, written by Sir Andrew Macphail.

2, 3, 4 and 5. The material necessary for the writing of a general history of the war is being compiled by the historical section, general staff. The exact number of volumes to be published cannot, at the present time, be determined, nor is it possible to say when this history will be completed.

CUSTOMS DUTIES COLLECTED—AUTOMOBILES

Mr. COOTE:

What was the amount of customs duty collected in each of the calendar years 1923-1931 inclusive, on (a) automobiles; (b) motor trucks; (c) automobile parts?

Mr. RYCKMAN:

(a), (b) and (c):

Customs Duties Collected on Imports of Automobiles and Parts Entered for Consumption in Canada during the *Fiscal Years ended March, 1923 to 1932

Fiscal year	Automobiles, passenger	Automobiles, freight	Automobile engines	Automobile parts, n.o.p.
1923	$4,133,321	$ 651,541	$1,140,784	$ 4,313,674
1924	3,316,370	661,566	1,389,707	5,123,078
1925	3,038,852	466,068	1,185,566	4,290,851
1926	4,883,687	609,170	2,541,502	7,031,261
1927	5,673,193	626,797	2,917,585	7,962,563
1928	6,947,575	1,017,311	3,288,319	8,372,527
1929	8,065,806	1,743,358	3,225,150	13,936,282
1930	6,501,730	1,257,311	1,913,213	9,157,331
1931	3,082,719	763,473	1,493,313	5,003,715
1932	865,650	181,071	1,336,608	3,496,351

*Calendar year figures are not available from departmental records.

FORT FITZGERALD AIRPORT

Mr. SPENCER:

1. Is there a Royal Air Force airport at Fort Fitzgerald?

2. If so, what sum of money has already been spent on it?

3. What sum is expected to be spent at Fort Fitzgerald during 1932?

Mr. SUTHERLAND:

1. There is a Royal Canadian Air Force sub-station at Fort Fitzgerald.

2. $25,696 has been spent on this sub-station up to March 31, 1932.

3. The sub-station at Fort Fitzgerald is being kept on a care and maintenance basis during 1932, the cost of such maintenance is not expected to exceed $500. No provision has been made for any other expenditure in connection with the sub-station.

POST OFFICES—CHANGE OF SITES

Mr. POULIOT:

How many postmasters, in each province, since August, 1930, lost their position owing to change of site of the post office, ordered by the Postmaster General?

Mr. SAUVE:

Ontario	3
Quebec	23
Nova Scotia	23
New Brunswick	12
Prince Edward Island	Nil
Manitoba	2
Saskatchewan	4
Alberta	5
British Columbia	3
	75

POST OFFICES—ABOLISHED

Mr. POULIOT:

How many post offices were abolished in each province, since August, 1930?

Mr. SAUVE:

Nova Scotia	85
Prince Edward Island	2
New Brunswick	54
Quebec	91
Ontario	49
Manitoba	19
Saskatchewan	57
Alberta	49
British Columbia	30
	436

POST OFFICES—ESTABLISHED

Mr. POULIOT:

How many new post offices were established in each province, since August, 1930?

Mr. SAUVE:

Nova Scotia	4
Prince Edward Island	Nil
New Brunswick	4
Quebec	44
Ontario	41
Manitoba	11
Saskatchewan	33
Alberta	57
British Columbia	16
	210

POSTMASTERS—DISMISSED

Mr. BARIBEAU:

How many postmasters have been dismissed without any investigation or without being given the opportunity to submit a defence before being notified of their dismissal: (a) from January 1922, to July, 1926; (b) from 25th of September, 1926, to 7th August, 1930?

Mr. SAUVE: (a) 65; (b) 320.

Mr. BARIBEAU:

How many postmasters have been dismissed: (a) from January, 1922, to July, 1926; (b) from September 25, 1926, to August 7, 1930?

Mr. SAUVE: (a) 450; (b) 682.

UNOPPOSED MOTIONS FOR PAPERS

CARLETON, BONAVENTURE COUNTY—LIGHTKEEPER

Mr. MARCIL:

For a copy of all reports, letters, telegrams and other documents relating to the appointment, by the Civil Service Commission, of Leo Labrecque, a veteran, to the position of lighthouse keeper at Carleton, county of Bonaventure, Quebec; also a copy of all documents in connection with the dismissal of said Labrecque by the Minister of Marine, and the appointment of Mr. J. E. Martin, of Carleton, Quebec.

SANFORD, YARMOUTH COUNTY—REPAIR WORK

Mr. MARCIL (for Mr. Ralston):

For a copy of all paysheets, stock bills, reports, correspondence, and other documents in connection with the repair work done under the Department of Public Works, at Sanford, Yarmouth county, in March, 1931.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, April 26, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr.

Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Ralston.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, last night I had not intended to speak for more than a very few minutes although I said nothing about "five" minutes. Perhaps the Speaker misunderstood me. I can quite understand that because very often I find it difficult to hear him from this end of the chamber. When it became impossible to secure order last night it seemed that the only thing that could be done was to wait until to-day. May I express my appreciation of the attitude of members opposite at this end of the chamber who did make an effort last night to maintain order while I was speaking. Since the debate has gone over until to-day I should like to extend my remarks a little further.

The Prime Minister (Mr. Bennett) in the earlier part of his speech yesterday gave a survey of the whole economic situation, and whether or not one agreed with him in every detail, I think we must all admit that it was a very fine presentation from his point of view. However, after that, although he had deprecated party politics in view of the crisis that exists, he himself proceeded to discuss matters in a most partisan way, even descending to ordinary ridicule of the positions and speeches of those of us on this side of the house. He referred to Mr. Massey and to an organization known as the League for Social Reconstruction. I think someone must have been telling the Prime Minister some cock and bull story; for he evidently thought to explode a bomb in the house: it proved to be only a dud. He said that Mr. Massey had travelled through the west ostensibly for the purpose of addressing Canadian Clubs, but in reality after his addresses gathering together the faithful in order to reorganize them and to present to them another program. In the words of the Prime Minister:

> So plans for the future were reduced to writing, and as a result I hold in my hand a typewritten copy which was left by Mr. Massey with those whom he had called into conference in western Canada

The Prime Minister then proceeded to read into Hansard the manifesto as issued some two months ago by the League for Social Reconstruction. In answer to a question by the hon. member for West Edmonton (Mr. Stewart) the Prime Minister said:

> This is by Mr. Massey, the new organizer of the Liberal party. This is the parlour socialism of that party.
>
> [Mr. Marcil.]

Now, so far as I have been able to ascertain Mr. Massey had nothing whatever to do with the drawing up of that manifesto. It may be that he left some copies of it with some of his friends, for there are printed copies. I am very glad indeed to think that this kind of program has appealed to Mr. Massey, and I hope it will appeal to a great many members of this house, but certainly Mr. Massey is not an organizer for the League for Social Reconstruction, and the program of this organization is very different, I would say, from that of the Liberal party.

Mr. HANSON (York-Sunbury): May I ask if Mr. Vincent Massey is a member of the league?

Mr. WOODSWORTH: Not so far as I know, but I really do not know. May I say that this term, social reconstruction, seems to have rather stuck in the crop of the Prime Minister. It was first used here in Canada, if my memory serves me, by the late Sir John Willison, or at least he was one of a group that had a great deal to say about social reconstruction just after the war. I do not think that the program of the group under discussion is just that which Sir John Willison would sanction, but the phrase it seems to me is a perfectly good one.

Last night I attempted to read an editorial which had appeared in the April number of the Canadian Forum giving something of the history and purposes of this organization. It is not a political party, but rather an educational organization, and seeks to draw into its membership those who are not content with the existing social order, but are trying in some constructive way to draw up plans which will help to reestablish a better social order than we have to-day In fact it is working along the lines of the Fabian society of earlier days.

I can remember over thirty years ago while doing some reading at Oxford attending a meeting of the local Fabian society when Mr. Bernard Shaw came to address the students of the university. There is no doubt whatever that he and Sidney Webb, who is now Lord Passfield, and Mrs. Webb did an enormous amount toward collecting information concerning social conditions in Great Britain, and disseminating that information among the people. The new organization to which I have referred proposes to do in Canada a similar work. I read a few more lines from the editorial:

> It is intended to publish pamphlets on various aspects of our Canadian problems, and gradually to build up a body of information on such

questions as public ownership and the social services, about which there is so much material available in England and the United States, but so little in Canada.

The article goes on to speak of the membership, and then follows the concluding paragraph as follows:

Mr. J. S. Woodsworth, M.P., has accepted the honorary presidency of the league. A provisional executive committee is in charge of its activities for the first year. Its members are Professor F. R. Scott of the faculty of law, McGill university; Professor King Gordon of the Union Theological college; Professor E. A. Havelock of Victoria college, Toronto; Mr. J. F. Parkinson of the department of political economy, university of Toronto; and Professor F. H. Underhill of the department of history, university of Toronto. The secretary is Miss Isabel Thomas, 760 Spadina avenue, Toronto. The following manifesto is being issued by the league. . . .

Then follows the manifesto which the Prime Minister read into the record and about which he spoke with such scorn. On account of the bearing of this manifesto on the very points we are discussing in this debate, I should like to offer a few comments. I read from the manifesto the following:

The league for social reconstruction is an association of men and women who are working for the establishment in Canada of a social order in which the basic principle regulating production, distribution and service will be the common good rather than private profit.

It does seem to some of us in this house, as to a great many people outside the house, that we are approaching a time when the profit motive in industry will have to be replaced by something else. That is the firm conviction of a group in parliament but also that of a great many people in different parts of the world to-day. We take it the present system is showing its bankruptcy through the unemployment, the seeming over production and general stagnation prevailing at the present time. Reading again from the manifesto, I find the following:

The present capitalist system has shown itself unjust and inhuman, economically wasteful and a standing threat to peace and democratic government.

May I point out that with nearly half a million people unemployed we have a most wasteful system in Canada. Nothing could be more wasteful than to have all these idle workers, and have our machinery working only part time. Undoubtedly such conditions are a standing threat to peace and democratic government. That is true locally, because we find on the order paper to-day provision for the securing of a larger force to protect us, for the enlistment of more constables. If such measures are necessary it must be that present conditions are a menace. When we look at the world at large any careful student of international affairs must recognize that rivalry in economic affairs is a distinct menace. Turning again to the manifesto I read:

Over the whole world it has led to a struggle for raw materials and markets and to a consequent international competition in armaments which were among the main causes of the last great war and which constantly threaten to bring on new wars.

Can anyone controvert that statement; I think it is perfectly sound. Almost every historian of any standing recognizes that the main causes of wars in modern days are of an economic nature. I read on:

In the advanced industrial countries it has led to the concentration of wealth in the hands of a small irresponsible minority of bankers and industrialists, whose economic power constantly threatens to nullify our political democracy.

This manifesto was written before the Manitoba provincial savings office episode. It would seem, however, that nothing could better illustrate the truth of the passage I have just read than the fact that the banks dare dictate to a provincial premier when he is to call a legislature together. We thought that was a prerogative of the crown, or the crown as represented through the Lieutenant-Governor. We find now however that the banks can dictate when a legislature is to be called, and what is to be put on the statute books or to be removed from those statute books. Reading again:

The result in Canada is a society in which the interest of farmers and of wage and salaried workers, the great majority of the population, are habitually sacrificed to those of this small minority.

That is what hon. members in this corner of the house have been trying to say in connection with the budget which has been under debate, namely that essentially it is a rich man's budget, and the poor people are being taxed into greater poverty. Essentially it represents the transfer of wealth and power from the poor to the rich. I read on:

Despite our abundant natural resources the mass of the people have not been freed from poverty and insecurity.

Can anyone deny that. And, further:

Unregulated competitive production condemns them to alternate periods of feverish prosperity, in which the main benefits go to speculators and profiteers, and of catastrophic depression, in which the common man's normal state of insecurity and hardship is accentuated.

I think that manifesto well describes the situation we have in Canada to-day—and not

only in Canada, but in the world at large. I think that the gentlemen who drew up this manifesto, some of whom have had excellent opportunities to study economic conditions and to know the histories of various nations, have put their finger upon the sore spot in our present civilization. To continue reading:

> We are convinced that these evils are inherent in any system in which private profit is the main stimulus to economic effort.

That of course is an opinion, and I admit any man is free to deny that interpretation of the situation. Then comes the last sentence:

> We therefore look to the establishment in Canada of a new social order which will substitute a planned and socialized economy for the existing chaotic individualism and which, by achieving an approximate economic equality among all men in place of the present glaring inequalities, will eliminate the domination of one class by another.

Then there follow some of the steps which, it is considered, will help towards the realization of the ideals above set forth.

I pause for a moment, Mr. Speaker, if possible to get a little better hearing. I know that this subject is not considered to be of vital interest by a great many men in the house, although I venture to say that within the next twelve months a great many more hon. members, as well as people outside the house, will be giving more careful consideration to the fundamental ideas outlined in the statement I have just been reading.

The Prime Minister spoke of some industries that exist in Canada to-day. Unfortunately in a speech lasting over two hours he said nothing whatever about the greatest industry we have, that is the care of the unemployed of Canada, which far transcends any other industry in this country, for we are told we have some 500,000 unemployed. If that estimate is at all nearly correct, it means that their care, together with that of their families, is the biggest responsibility that lies upon this country at the present time. The Prime Minister was very careful to go into details of the way in which he had, as he thought, established the credit of Canada, but he did not go into details as to how our destitute people were going to be saved from the dreadful situation in which a great many find themselves to-day. An editorial in the Winnipeg Free Press of April 25, contains this passage:

> Winnipeg's biggest individual industry—in numbers of persons on its rolls, in amount of money expended on its upkeep, and in its general effect on the rest of the city—is undoubtedly the business of unemployment relief.

[Mr. Woodsworth.]

The article goes on to state that from January 1 to April 6 the total administration costs for the married men's section, the single men's department, and the women's section was $39,484.97—nearly $40,000 for administration alone in the past three months. No municipality can very long carry a burden of that kind. In addition to that, on April 20 there were 1,147 men laid off from the Transcona and Fort Rouge shops. We in Winnipeg are at our wits end to know what to do with these great masses of unemployed men. The situation in Winnipeg is more or less typical of almost every section of the country. Yesterday I had people in to see me from Hamilton and Stratford. In this morning's Citizen I noticed an editorial entitled Work for Destitute Women, from which I quote two or three sentences:

> . . . Relief of destitute women in Ottawa has been carried on during recent weeks by the Local Council of Women. . . . Work has been provided for about six hundred women week by week. . . . There are at present no prospects that more work will be given out to Ottawa's needy women next Tuesday. They received none yesterday. They are desperately asking themselves what can be done. . . . This Christian community can hardly face with equanimity the sight of women walking the streets, hungry and without means of existence. There is surely something more to be done. But, with no constructive lead from those in authority to provide the workless and poverty-stricken in this land of stored granaries with even a bare existence, it remains with the public to see that at least their women are protected.

It is an appalling thing that here in the capital there are six hundred women absolutely without proper sustenance.

I wish I had the time to answer some of the arguments put forward by the Prime Minister. He went to a great deal of pains to justify his position with regard to the so-called favourable balance of trade. I believe that the Minister of Finance stated that that stood for the year at $25,000,000. Neither he nor the Prime Minister has since pointed out that the March returns show an adverse balance of $17,000,000, which would seem to cut off the greater part of the so-called favourable balance that had been laboriously built up during the preceding year. I do not think there is a great deal in the trade balance in any case. Again the Prime Minister, while he carefully analysed the relationships between our trade and that of Great Britain, pointing out invisible items, did not analyse the trade situation existing between the United States and this country in which there are also some very important invisible items.

The Prime Minister quoted with great approval the Macmillan report, but I wonder whether he would be prepared to stand by all the conclusions in that report.

Mr. STEWART (Edmonton): Hear, hear.

Mr. WOODSWORTH: I quote one paragraph:

We are emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilization at approximately the present level would be a serious disaster for all countries of the world alike; and that the avoidance of such an event should be a prime object of international statesmanship.

Again the Prime Minister quoted very approvingly the last book by Sir Arthur Salter; in fact the fore part of his address was very largely based upon this book. I almost wondered before he got through whether he had read the book himself or simply followed a memorandum that someone had given him, because he spoke in the most glowing terms of Sir Arthur Salter and said of him that he ranked "as one of the foremost authorities in the world at the moment." Now, what does Sir Arthur Salter say? Let me quote:

To what goal shall any new reform be directed, and by what methods will it best be achieved?

As to the ultimate goal, an economist could only give one answer—the lowest possible, uniform, and stable tariff-levels.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH:

Apart from "revenue" as distinct from "protectionist" duties, there are perhaps two kinds of desirable exceptions, one economic, one social. First, emergency tariffs or prohibitions are justifiable against sudden and temporary dumping, designed to kill a competitive enterprise; and, secondly, for social or similar reasons, some countries might foster certain activities which they consider a desirable element in the national life. It may be, for example, that it is worth while for a given community, in the interests of a varied social life, to sustain some economic loss in order to avoid the specialization in a few activities which complete freedom would involve.

But, if we believe in world trade at all, its economies and advantages, a tariff to compensate for differences in wage-level, or in cost of production is mere nonsense.

Again.

A so-called scientific tariff usually means one which is based on the principle of compensating for differences in costs of production. This either represents a mere fallacy, or it is a policy destructive of international trade in anything except the few things that cannot be produced at home at any cost however exorbitant.

And again

Indeed, if we believe in international trade, the only mitigating circumstance about what are usually called "scientific tariffs" is that they never are in fact scientifically framed and applied, for if they were trade would disappear. But if this is not their principle, what is? Let us face frankly the fact that the operative principle underlying the flexible, varied and changing system is usually just this, and nothing more: that those interests which are so organized as to exercise the strongest political pressure get protection, or the highest rates of protection, at the expense of the rest of the community.

The evil consequences are illimitable. Time, energy, attention, money that should be devoted to improving processes, are devoted to persuading politicians. The system offers the highest rewards, the richest spoils, to those who can most successfully corrupt the government. The machine of government itself—in the widest sense, including the ministry, the civil service, the parliament, and the electorate,—cannot under these conditions, and does not, remain honest and competent enough to perform its primary tasks.

Mr. COOTE: Is that Sir Arthur Salter?

Mr. WOODSWORTH: Yes.

Mr. SPEAKER: The hon. member has spoken forty minutes.

Mr. WOODSWORTH: May I say that Sir Arthur Salter is the man whom the Prime Minister quoted and of whose words he said:

That is the firm and considered conviction of one who, having had perhaps greater opportunities than any other through being in the very centre of the world movement, is able to express an opinion of value.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, I know the house is very anxious to vote, and so am I.

Some hon. MEMBERS: Hear, hear.

Mr. IRVINE: I knew you would all agree. But I want to ask the indulgence of the house for, I hope, not more than ten minutes. I want first of all to make a statement with regard to the amendment now before the house, since it happens that we have to vote upon it in a very few minutes, and in view of the remarks made by the right hon. leader of the opposition (Mr. Mackenzie King) in that regard yesterday afternoon. In the second place I want to correct what really amounted to a misrepresentation of the position taken by this group with respect to financial credit as expressed in the subamendment which was defeated last night.

With regard to the amendment, the right hon. leader of the opposition wondered how it was that we of the Independent groups could not attach our subamendment to the amendment. I want to read one section of

that amendment, which will make clear our position:

> . . . . this house is of the opinion that increases made by the present administration in the customs tariff . . . have had the effect of stifling agriculture.

Whether agricultural conditions are worse or better as a result of the alterations in the tariff by the present government is a fitting subject for debate. It might be very well contended by the right hon. leader of the opposition that agricultural conditions have been aggravated by tariff increases, but we do not hold the view that tariff increases by the present administration have stifled agriculture, because agriculture was stifled before this government came into office. The point in the amendment to which we take exception is this, that the entire emphasis is placed upon tariffs, and we do not think tariffs, higher or lower, can solve the problems of agriculture to-day. We therefore advanced a suggestion which we in this corner thought would come nearer to the heart of the problem. Of course we may be wrong in that, but we are just as much entitled to our opinion in that regard as hon. gentlemen to our right are to theirs. I think that will make clear why, from our point of view, though many may have agreed with the amendment, we could not agree with that part of it which says the tariff is either cause or cure of all our economic ills.

For a few moments I should like to answer what I think must be regarded as misrepresentations made by the right hon. leader of the opposition and acquiesced in, in one particular, by the Prime Minister (Mr. Bennett), in regard to the suggestion on finance and credit advanced in the subamendment by the group in this section of the house. Of course I do not charge either of these right hon. gentlemen with having deliberately misrepresented us; I say that their interpretation of our position in effect misrepresents our attitude. I readily agree that there is much room for differences of opinion on questions of finance and credit, but while we are willing to have honest disagreements we do not wish it to go out to the country that we were advocating what was suggested yesterday afternoon by the right hon. leader of the opposition. He objects to the nationalization of finance. We put forward the point that a matter so vital to the economic life of the state as finance, financial credit and real credit, if you like, cannot safely be left to the guiding hand of private interests for private profit, and we do not see any other institution in Canada but this parliament and this government that is in a position to speak or act for all the people. The right hon. leader of the opposition in effect approved of this principle when he put forward his tentative suggestion, which is very interesting and with which I quite agree, in respect to the joint control of industry. There he recognized the necessity of taking from the control of one particular class the whole destiny of the industrial life of the state. We recognize the same principle in connection with finance, and we say this government is the only institution in Canada that has the power to speak for all the Canadian people or to take charge in their name of such a thing as finance, which means much to industry.

Then the right hon. gentleman asked who should do it. He wanted to know if the present government should be entrusted with that task. Our reply is that if the present government will control finance as effectively as they have increased tariffs we are willing to let them do it. If hon. gentlemen to my right should come into power, and if they will effect the control of finance as adequately as they brought about deflation after the war, we will gladly give them the opportunity to do it. If the party in this corner of the house comes into power we will show you how to do it, whether you like it or not.

The right hon. gentleman also objected to the issue of money in sufficient quantities to bring the value of the dollar to the point where it was when the major portion of our debts was contracted. We brought forward that suggestion in the subamendment, and referring to this point the Prime Minister said, "It is suggested that we cut our bonds in two, that is, that the man who had $200 should have only $100." That really is not the true position; for if inflation were to be carried out even on the grand scale misrepresented by the right hon. leader of the opposition, it would not mean that a man with a $200 bond would be paid off with $100. It would mean that the man who had a $200 bond would be paid $200, just as he would be to-day. But where would the difference come in? In effect what the Prime Minister said is true, but unfortunately the reverse is true also. That is to say, if we deflate, then the man who has a $200 bond will be paid $400, and unfortunately that is where the trouble comes in. The right hon. leader of the opposition was in power when that was done, when we went back on the gold basis, which is deflation. The war debts of Canada, as well as our private debts, which were contracted under an inflated dollar, were doubled. We want to correct that mistake. I do not know

whether or not the Liberal party have come to the point where they admit that it was a mistake, but from this corner we warned them before they took that action; we told them it was a mistake. England knows now that it was a mistake, and everyone admits it. We want to correct that mistake in Canada, but not by a wild inflation. As a matter of fact it would not be inflation at all, were price levels raised by the issuance of credit; because in the first place it would counteract the deflation which was carried on in this country after the war. In the next place, inflation is not necessarily brought about by issuing more money; inflation is a condition only brought about when more money is issued than there are goods to stand opposite it on the business counter. In other words, so long as price levels remain reasonably stable there cannot be inflation, so that to charge us with asking for wholesale inflation is not the truth. We do not propose to start paper mills issuing money ad lib. to anyone who wants to come and get it, which is about what was suggested yesterday afternoon. We propose to correct a mistake made by the previous administration, and to bring the dollar that we have to pay back to the value of the dollar when we contracted our debts, or, as it might be stated, to raise price levels. Nobody would wish to stabilize price levels where they are now. The section of the Macmillan report just read by the previous speaker (Mr. Woodsworth) points that out very clearly; it shows that we cannot think of stabilizing the price level where it is. If you are going to increase that price level to a reasonable point for stabilization, you can do so only by the issuance of more money. There is no other way of doing it and we provide in our amendment, and have advocated in this debate, that this should be done deliberately in Canada, the state taking over the issuance of money; for that is the only institution that should control it. The leader of the opposition made much of the word "immediately" in the subamendment.

Mr. BEAUBIEN: Suppose I owed a thousand dollars to a loan company. How could I pay that debt more easily if we had inflated money? How would inflation affect a debt that I already owed?

Mr. IRVINE: The question is, of course, a fair one, and I should like to take time to answer it quite fully. But surely my hon. friend will see without much debate that if he borrowed one thousand dollars when the price of wheat was one dollar per bushel, then he could pay one dollar of his debt with one bushel of wheat; but if later on deflation took place and the price of wheat dropped to fifty cents, he would have to give two bushels of wheat to pay a dollar of his debt. The converse is true with respect to inflation; that is, raising the price level to where it was when the debt was contracted, the farmer, instead of having to give three bushels of wheat to pay one dollar of debt contracted during the war, will be in a position where the amount of wheat required to pay the debt when the debt was contracted will pay the same amount of debt now. That is the thing we are trying to accomplish. There may be better ways than the one we have suggested, but no one has proposed such ways. I want to be careful that the interpretation of our point of view which the leader of the opposition placed upon our amendment should not go unchallenged into the country. He was very particular about the word "immediately," and spoke about the danger of doing anything suddenly to change the values of currency and credit. He suggested that if we did not administer the doses of medicine to the patient very gradually the patient might die on our hands. Apparently it would satisfy the leader of the opposition to let the patient alone, but if so, very shortly he would have to inject some embalming fluid into a corpse. We think it would be better to start to give the patient the necessary medicine at once. All we mean by the word "immediately" is simply that the time has come for us to make a beginning. We do not expect to cure all the evils of our present system in a few minutes, but we say that a beginning must be made and made as soon as possible.

In answer to the question I put to the right hon. gentleman, as to whether or not the issuance of money as prescribed in the subamendment would assist the people of Canada to pay their debts, he said:

> I cannot believe any course that is not fundamentally sound is going to be of lasting benefit to anybody.

That is a fine statement; but agreeing with that principle, I cannot understand how it is that the right hon. gentleman would lend his abilities to sustaining a system which is fundamentally unsound. For if the financial system had not been fundamentally unsound, it would not now be necessary for us to make proposals to improve it. Is it a sound system to double debts so that they cannot be paid at all? Surely no one will say that is sound. Is it an unsound system to bring the values of money to the point where debts were contracted, so that people can pay back those debts in equal value? Surely that is a sound

principle. And that is all we asked in the subamendment. Or, to express it another way, we want to bring the price of commodities up to that level where it was when our debts were contracted. That is an honest policy; it is a sound policy, and to do otherwise is unsound. We did otherwise and it was unsound, and that fact is very largely responsible for the position in which we find ourselves at the present time.

In dealing with inflation, I think that the leader of the opposition became a little confused, because in quoting from Keynes he read an extract dealing with deflation, which entirely proves our point and disproves the point which he was trying to make. He said:

> Would inflation increase the purchasing power of any one overseas? Would not inflation, if it is carried to the point indicated in the amendment, help very much the holding classes to-day as compared with others? Let me read a statement by Mr. Keynes, whom hon. gentlemen to my left have often quoted:
>
> "To restore the value of pre-war holdings by deflation means enhancing at the same time the value of war and post-war holdings, and thereby raising the total claims of the rentier class not only beyond what they are entitled to, but to an intolerable proportion of the total income of the community."

Precisely; but that is deflation, not inflation. That is what was done, and we want to correct that by the very opposite action. The bondholders of this country, by manipulation of finance, have doubled the debts of the people and made it impossible for them to pay. We want to do the very opposite. Price levels must be raised, or to express it in another way, issue sufficient money to bring commodity values back to where they were, so that every person in Canada would be able to meet his contractual obligations, and where the nation might ultimately hope to extricate itself from the burden of debt which is now upon it.

The house divided on the amendment (Mr. Ralston) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bothwell,
Bouchard,
Bradette,
Butcher,
Cardin,
Casgrain,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dumaine,
Dupuis,
Elliott,
Euler,
Fafard,
Fiset, Sir Eugène,
Fontaine,
Fournier,
Garland (Bow River),
Girouard,
Goulet,
Hall,
Hanson (Skeena),
Heaps,
Heenan,
Howden,
Hurtubise,
Ilsley,
King, Mackenzie,
Lacroix,
Lapointe,
Mackenzie (Vancouver Centre),
Macphail, Miss,
McKenzie (Assiniboia),
McMillan (Huron South),
Malcolm,
Mercier (St. Henri),
Mitchell,
Moore (Ontario),
Motherwell,
Munn,
Neill,
Parent,
Perras,
Power,
Reid,
Rinfret,
Roberge,
St-Père,
Sanderson,
Séguin,
Stewart (Edmonton West),
Taylor,
Thauvette,
Totzke,
Vallance,
Veniot,
Verville,
Weir (Macdonald),
Woodsworth,
Young.—66.

NAYS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Belec,
Bell (Hamilton West),
Bell (St. John-Albert),
Bennett,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cahan,
Cantley,
Chaplin,
Charters,
Cormier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Duranleau,
Edwards,
Embury,
Ernst,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Ganong,
Gardiner,
Garland (Carleton),
Gobeil,
Gordon,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Hay,
Irvine,
Johnstone,
Laflèche,
Larue,
Laurin,
Loucks,
Lucas,
Luchkovich,
Macdonald (Kings),
Macdougall,
MacInnis,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGibbon,
McGregor,
Maloney,
Manion,
Matthews,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Myers,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Robinson,
Rogers,
Ross,
Rowe,
Ryerson,
Sauvé,
Senn,
Shaver,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Speakman,
Spencer,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),

Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Swanston,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Weese,
Weir (Melfort),
White (Mount Royal),
Wilson,
Wright.—114.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Barrette,
Bell (St. Antoine),
Beynon,
Black (Halifax),
Casselman,
Duguay,
Dupré,
Geary,
Gott,
Harris,
Kennedy (Winnipeg),
LaVergne,
Lawson,
Lennox,
MacDonald (Cape Breton),
McDade,
McGillis,
McLure,
Perley, Sir George,
Rhodes,
Ryckman,
Smoke,
Spence,
Spotton,
Sullivan,
Turnbull,
White (London),
Willis,
Factor,
Rhéaume,
Raymond,
Coote,
Dubuc,
Howard,
Boulanger,
Ferland,
Mercier (Laurier-Outremont),
Rutherford,
Jacobs,
McIntosh,
Boucher,
Gray,
Pouliot,
Urquhart,
Hanbury,
Deslauriers,
MacLean,
Marcil,
Ralston,
Chevrier,
Cayley,
Fraser (Northumberland),
Hepburn,
Brasset,
McPhee,
Gershaw,
Brown.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted for the amendment.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the amendment.

Mr. MacLEAN: I was paired with the hon. member for Queens (Mr. McLure). Had I voted I would have voted for the amendment.

Mr. CHEVRIER: I was paired with the hon. member for East Toronto (Mr. Ryckman). Had I voted I would have voted for the amendment.

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted I would have voted for the amendment.

Mr. LENNOX: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted I would have voted against the amendment.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted I would have voted against the amendment.

Mr. DUBUC: I was paired with the senior member for Halifax (Mr. Black). Had I voted I would have voted for the amendment

Mr. MERCIER (Laurier-Outrement): I was paired with the hon. member for South Toronto (Mr. Geary). Had I voted I would have voted for the amendment.

Mr. BOULANGER: I was paired with the hon. member for Lake St. John (Mr. Duguay). Had I voted I would have voted for the amendment.

Mr. CAYLEY: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted I would have voted for the amend ment.

Mr. BRASSET: I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted I would have voted for the amendment.

Mr. KENNEDY (Winnipeg): I was paired with the hon. member for North Battleford (Mr. McIntosh). Had I voted I would have voted against the amendment.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted for the amendment.

The house divided on the motion (Mr. Rhodes) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High-Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Belec,
Bell (Hamilton West),
Bell (St. John-Albert),
Bennett,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cahan,
Cantley,
Chaplin,
Charters,
Cormier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Duranleau,
Edwards,
Embury,
Ernst,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Ganong,
Garland (Carleton),
Gobeil,
Gordon,
Guthrie,
Hackett,
Hanson (York-Sunbury),

Hay,
Johnstone,
Laflèche,
Larue,
Laurin,
Loucks,
Macdonald (Kings),
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGibbon,
McGregor,
Maloney,
Manion,
Matthews,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Murphy,
Myers,
Neill,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Robinson,
Rogers,
Ross,
Rowe,
Ryerson,
Sauvé,
Senn,
Shaver,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Swanston,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Weese,
Weir (Melfort),
White (Mount Royal),
Wilson,
Wright.—108.

NAYS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bothwell,
Bouchard,
Bradette,
Butcher,
Cardin,
Casgrain,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dumaine,
Elliott,
Euler,
Fafard,
Fiset, Sir Eugène,
Fontaine,
Fournier,
Gardiner,
Garland (Bow River),
Girouard,
Goulet,
Hall,
Hanson (Skeena),
Heaps,
Heenan,
Howden,
Hurtubise,
Ilsley,
Irvine,
Kennedy (Peace River),
King, Mackenzie,
Lacroix,
Lapointe,
Lucas,
Luchkovich,
MacInnis,
Mackenzie (Vancouver Centre),
Macphail, Miss,
McKenzie (Assiniboia),
McMillan (Huron South),
Malcolm,
Mercier (St. Henri),
Mitchell,
Moore (Ontario),
Motherwell,
Munn,
Parent,
Perras,
Power,
Reid,
Rinfret,
Roberge,
St-Père,
Sanderson,
Séguin,
Speakman,
Spencer,
Stewart (Edmonton West),
Taylor,
Thauvette,
Totzke,
Vallance,
Veniot,
Verville,
Weir (Macdonald),
Woodsworth,
Young.—72.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Barrette,
Bell (St. Antoine),
Beynon,
Black (Halifax),
Casselman,
Duguay,
Dupré,
Geary,
Gott,
Harris,
Kennedy (Winnipeg),
LaVergne,
Lawson,
Lennox,
MacDonald (Cape Breton),
McDade,
McGillis,
McLure,
Perley, Sir George,
Rhodes,
Ryckman,
Smoke,
Spence,
Spotton,
Sullivan,
Turnbull,
White (London),
Willis,
Factor,
Rhéaume,
Raymond,
Coote,
Dubuc,
Howard,
Boulanger,
Ferland,
Mercier (Laurier-Outremont),
Rutherford,
Jacobs,
McIntosh,
Hanbury,
Gray,
Pouliot,
Urquhart,
Dupuis,
Deslauriers,
McLean,
Marcil,
Ralston,
Chevrier,
Cayley,
Fraser (Northumberland),
Hepburn,
Brasset,
McPhee,
Gershaw,
Brown.

Mr. POULIOT: I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted against the motion.

Mr. DUBUC: I was paired with the hon. member for Halifax (Mr. Black). Had I voted I would have voted against the motion.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted against the motion.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted I would have voted for the motion.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted I would have voted for the motion.

Mr. COOTE: I was paired with the hon. member for Moose Jaw (Mr. Beynon). Had I voted I would have voted against the motion.

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted I would have voted against the motion.

Mr. CAYLEY: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted I would have voted against the motion.

Mr. DUPUIS: I was paired with the hon. member for Northumberland (Mr. McDade). Had I voted I would have voted against the motion.

Mr. BROWN: I was paired with the hon. member for Souris (Mr. Willis). Had I voted I would have voted against the motion.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted against the motion.

Mr. CHEVRIER (Translation): I was paired with the hon. Minister of National Revenue (Mr. Ryckman). Had I voted I would have voted against the motion.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. Hanson (York-Sunbury) in the chair.

1. Resolved, that schedule A to the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1928, chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session) and chapter thirty of the acts of 1931, be further amended by striking thereout tariff item 409q, the several enumerations of goods, respectively, and the several rates of duties of customs, if any, set opposite thereto, and by inserting the following item, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
409q	Complete parts for repairs, if imported on or before the thirty-first day of March, 1933, under regulations prescribed by the Minister.			
	(i) For the implements of machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p and 439c	Free	10 p.c.	10 p.c.
	(ii) For the implements or machinery enumerated in tariff item 409b	Free	7½ p.c.	7½ p.c.
	(iii) For the implements or machinery enumerated in tariff item 409d	Free	6 p.c.	6 p.c.
	(iv) For the implements or machinery enumerated in tariff items 409h and 409n	Free	10 p.c.	15 p.c.
	(v) For the implements or machinery enumerated in tariff items 409i and 409k	Free	17½ p.c.	17½ p.c.

Mr. MACKENZIE KING: I assume that the calling of the item is purely formal and that it is not intended to continue?

Mr. BENNETT: In the absence of the Minister of Finance, who unavoidably is still detained at his house, I move, Mr. Chairman, that the committee rise, report progress and ask leave to sit again.

Progress reported.

FISH INSPECTION ACT

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved the third reading of Bill No. 6, to amend the Fish Inspection Act.

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

FRONTIER COLLEGE ACT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 53, to amend the act of incorporation of the Frontier College.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Power to confer degrees.

Mr. STEWART (Edmonton): Would the minister explain the bill?

Mr. CAHAN: In the year 1922 parliament passed an act to incorporate the Frontier College, by chapter 77 of the statutes of that year. The objects of this college were defined in section six of the statute, as follows:

(a) To promote education among Canadian working men and women and Canadian immigrants; (b) To promote higher educational training and instruction for teachers and social workers among Canadian working men and women and Canadian immigrants.

The objects were very praiseworthy indeed, but under section ten of the act the college was authorized to confer degrees. The college has recently applied to the government of the province of Ontario to be brought under the operation of the Education Act of Ontario and to secure certain

rights, privileges and emoluments which may be conferred under that provincial statute. In order that the college might be brought under that statute an agreement was entered into on the nineteenth day of December, 1931, between the Frontier College and His Majesty the King in the right of the province of Ontario as represented by the Minister of Education for Ontario. One provision of the agreement was that section ten of the act of incorporation should be repealed, and so at the request of the government of Ontario concurred in by the Frontier College, I am simply asking by this bill that section ten be repealed in order that this college, which was incorporated by a federal statute, may be brought under the operation of the Education Act of Ontario. All parties have agreed, and I have formal agreements signed to that effect.

Section agreed to.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide for the appointment of a deputy commissioner, and the employment of extra constables in emergencies, and to make further provisions respecting the counting of service in the great war and in the civil service and customs-excise preventive service by officers and constables, for the purposes of pension.

He said: Mr. Speaker, as is pretty generally known, the Royal Canadian Mounted Police have now entered into agreements—probably I should say the government has entered into agreements on their behalf—with the three prairie provinces and the three maritime provinces to take over the ordinary provincial police forces of those six provinces. The police forces of the provinces are being consolidated with the Royal Canadian Mounted Police. The agreements in respect to which these forces are taken over are practically the same, with the exception of some very slight variations. There is a fixed sum of so much per man allowed as payment by the provinces to the federal government. Then there is a fixed amount for expenses in connection with the transportation of prisoners and the like.

These agreements are all based on the Saskatchewan agreement passed three years ago. In the act authorizing the Saskatchewan agreement there is provision for the inclusion of other provinces. In the view of the commissioner commanding the force it is necessary to have a deputy commissioner to assist him in his work. That is the main object of the present bill, but in addition there are other minor proposals. The bill which will be introduced is quite long, and by reason of the amalgamation a great many amendments have been made necessary. As a result of the amalgamation there will be a considerable saving to the government of Canada, brought about by the abolition of double overhead which has existed heretofore in all the provinces affected, and particularly in those in the west. When the estimate for the Royal Canadian Mounted Police is before the house—and I expect it will be either to-morrow or the next day—I shall give the details of the proposed expenditures, and I think I shall be able to satisfy the house that compared with the expenditures in the past there will be a very large saving in expenses in the administration of the force.

I think that is all I need explain at this time.

Mr. HEAPS: Can the minister tell us what increase there will be if the amalgamation of the various forces becomes effective?

Mr. GUTHRIE: An increase in what?

Mr. HEAPS: In the personnel of the force?

Mr. GUTHRIE: I think the personnel will be in the neighbourhood of 2,000.

Mr. HEAPS: But the 2,000 will not represent the increase in the force brought about by the amalgamation.

Mr. GUTHRIE: No; the force was about 1,250 strong; it was increased by 200 or 250 last December. The full increase will bring the whole force up to about 2,000. However I shall have exact information when we are considering the estimate.

Mr. CAYLEY: That is for the six provinces?

Mr. GUTHRIE: Yes.

Mr. SPEAKER: I must remind hon. members that we are not in committee.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. MACKENZIE (Vancouver): Have any representations been made by the province of British Columbia?

Mr. GUTHRIE: Yes. During last summer and autumn there were negotiations. Indeed, they were continued until quite recently this spring. I was under the impression that similar arrangements would be made with the province of British Columbia, but up to the present time that province has not agreed to come in. Within the last four or five weeks I have received communications from that province, but at least for the present they have rather definitely refused. They say they will maintain their own constabulary at the present time.

Mr. MACKENZIE (Vancouver): Does the same situation prevail in regard to Ontario and Quebec?

Mr. GUTHRIE: Yes; they have not come in.

Mr. STEWART (Edmonton): Is there any arrangement in the agreement providing for the taking over of the constables now employed by the provinces?

Mr. GUTHRIE: Yes. All the constables now employed will not be required in the force. As my hon. friend knows, however, in the force there is a record of the work hitherto performed by each constable, and they are being selected having regard to their services, their adaptability and their past record. Speaking from memory, I will say there were 115 in the Manitoba force, and 85 have been taken over. The same proportion would follow in regard to the other provinces.

Mr. MACKENZIE (Vancouver): In regard to seniority, will the old members of the Royal Canadian Mounted Police in the various provinces affected by this legislation have seniority over the new members of the old provincial police forces now being taken in?

Mr. GUTHRIE: I think the old members will continue to hold their seniority. However, I should like to give a more definite statement when the estimate is before the house.

Mr. STEWART (Edmonton): There is no reduction in the number of constables employed in the various provinces, as a result of the forces being taken over by the federal authorities?

Mr. GUTHRIE: No; I do not think there will be any reduction in the number.

Mr. MERCIER (St. Henri): Will the customs-excise preventive officers be reengaged at the same salaries?

Mr. GUTHRIE: They will be engaged as enlisted men at the regular pay of the Royal Canadian Mounted Police. A list of preventive officers has been prepared by the Department of National Revenue. It is on the recommendation of that department they have been taken in. I believe about half the staff of the preventive services will be absorbed in the mounted police; the rest will not be required.

Mr. VENIOT: How many of the provincial police in the province of New Brunswick have been brought in under this service? Probably the minister would prefer to answer under the estimate.

Mr. GUTHRIE: I should think about ninety per cent.

Mr. VENIOT: In the province of New Brunswick there is a difference between provincial police and constables.

Mr. GUTHRIE: Yes, there is in every province.

Mr. VENIOT: Yes. Two years ago the provincial police of New Brunswick were put under a pension system. Will the pensions of those drafted into the Royal Canadian Mounted Police begin two years ago, or only from the time they were drafted in?

Mr. GUTHRIE: In each province the provincial government must make good any deficiency in regard to the pension fund. The only province that has undertaken to do so is Saskatchewan. For instance, in Alberta the fund which has been accumulated by the province up to the present time is not sufficient to carry the pensions in force in the Royal Canadian Mounted Police. Unless Alberta is prepared to pay the additional amount, the pensions will have to be reduced to bring them into harmony with the amount of money that is now available in the hands of the province. The provinces are to hand over such funds as they have accumulated for the purpose of pensioning their own men in the new force, but only so far as the funds will extend. In the agreement with Saskatchewan the province has undertaken to pay it all; their men will be placed upon the same plane as the Royal Canadian Mounted Police in respect to pensions. The other provinces have not yet agreed to do so; they may eventually. But the expense of doing so will have to be borne by the provinces.

Sir EUGENE FISET: Will the time served in the provincial forces be counted as service in the new force?

Mr. GUTHRIE: Yes, if the necessary amount of money is forthcoming it will be.

Sir EUGENE FISET: Is a specific establishment to be provided for each province?

Mr. GUTHRIE: No. A plan is being worked out by the commissioner to carry out in each province under the mounted police the scheme which heretofore has been working in the prairie provinces only. There will be a headquarters in each province, and I suppose there will be various posts according to the localities that are deemed most desirable.

Sir EUGENE FISET: Then the service will be interchangeable?

Mr. GUTHRIE: Oh yes; that is one of the merits of the system we believe.

Mr. COOTE: Under this agreement will the same number of police be maintained in Alberta? I understand from letters I have received from High River that the police station at that point has been closed, although located there for forty-five years. The people are rather alarmed, and an effort is being made to have it reopened. Will the number of police to be maintained in the province be reduced compared with the number of provincial police formerly?

Mr. GUTHRIE: No, there will be practically the same number in every province as heretofore. With regard to High River, I am sorry to say it is the intention to close the post. These posts are selected by the provincial administration, and Edmonton has advised us that the High River post should not be maintained any longer.

Mr. COOTE: The provincial government has advised that?

Mr. GUTHRIE: Yes.

Mr. MALCOLM: The minister stated that in some instances the amount of the pension fund standing to the credit of the provincial police would not be sufficient to carry out the agreement which these men had with their respective provinces. These men having made a contract with the provincial authorities, it seems to me very unfair that they should be transferred to the Royal Canadian Mounted Police and the provincial governments relieved of the responsibility of carrying out their bargains. Apparently the men because of this transfer are going to suffer after having contributed their share to the provincial pension fund.

Mr. GUTHRIE: I fancy it is a matter between the men and the provinces. I understand that practically all the men are in favour of the arrangement. They do not look to this government to make it good.

Mr. MALCOLM: Naturally not.

Mr. GUTHRIE: It is purely an actuarial matter, and the amount can be definitely ascertained.

Mr. MALCOLM: Quite.

Mr. GUTHRIE: But to pay the scale of pensions payable to the Royal Canadian Mounted Police would require a greater amount than is now in the hands of the provincial governments. We cannot bind the provincial governments to make up that amount. Saskatchewan has done so; Alberta and Manitoba have not done so as yet. However, that is a matter between the former constabulary of the provinces and the provincial governments. It is now under consideration, and I think in the case of one province there is only a difference between them of $20,000.

Mr. MALCOLM: The minister does not state the amount of money they will receive from the provinces. Will it be less than the amount required to carry out the agreement which the provincial police had with their provinces?

Mr. GUTHRIE: It will carry out the agreement they had with their provinces, but it will not pay the pensions payable to the Royal Canadian Mounted Police.

Mr. MALCOLM: Then I withdraw my objection.

Mr. GARDINER: What is the scale of pension in each case?

Mr. GUTHRIE: It is higher in the Royal Canadian Mounted Police.

Mr. HEENAN: What rates of pay were the men receiving under the provinces, and what will they receive under the dominion?

Mr. GUTHRIE: I know the policemen get $2 a day and certain allowances. I do not know what they got from the provinces. We agree to maintain, say, 150 men at $1,000 a man, and we receive from the province $150,000; in addition we receive the actual expenses in connection with the transportation of prisoners and the like. In some cases that has been fixed at a definite sum, but in the case of Saskatchewan we have had to do a lot of accounting, and we obtain the actual expense that we incur. It would be far better if we could arrive at a definite sum in each case. Last year we received from Saskatchewan $25,000 for the transport and care of

prisoners. We have fixed a definite sum with Alberta of $50,000, and I think the same with respect to Manitoba. Saskatchewan is now anxious to have a definite sum fixed in regard to its prisoners, but we have not yet been able to agree upon an amount.

Mr. POWER: Does this legislation cover the amalgamation, if I may so call it, of the customs preventive service with the mounted police?

Mr. GUTHRIE: No, this legislation does not.

Mr. POWER: Is it the taking over by the mounted police of the entire preventive service?

Mr. GUTHRIE: This legislation does not cover it; that is done by order in council under the act which authorizes rearrangement of departments of government. This provides for the preventive service in this respect, that time served heretofore in the preventive service shall be counted to the credit of these men when they join the Royal Canadian Mounted Police.

Mr. POWER: For pension?

Mr. GUTHRIE: Yes.

Mr. POWER: I was under the impression that a large number of employees of the preventive service were on a purely temporary basis, and consequently were not entitled to pensions. Am I right in that?

Mr. GUTHRIE: There are some temporaries no doubt, and they are not entitled to pension.

Mr. POWER: They were not under the Civil Service Commission?

Mr. GUTHRIE: A lot of them were not. A great many of them are going to be let out of the service as unnecessary.

Mr. POWER: Has the minister some kind of statement to make as to the procedure to be followed with respect to employees of the customs preventive service generally? I am asking that question because I have heard from Quebec that a number of former employees are being let out of the service, and are not being given an opportunity to join the Royal Canadian Mounted Police. Whether they are not being given that opportunity because they are too old, incompetent, or for some other reason I do not know. Perhaps the minister could make a statement with regard to that.

Mr. GUTHRIE: I think perhaps that is the reason—that they are too old, or some of them may be incompetent. At all events, they have been selected on their records with the department by the officials of the Department of National Defence. Then these names, which were approved by that department, were submitted to the commissioner of the mounted police, and I think to-morrow I will be able to answer the question which more immediately concerns my hon. friend and which is on the order paper, as to the names of those in the province of Quebec who are being retained. I think there are fifty names on the list. I should have it here to-day, but I left it in my office. I will bring it to-morrow, and the names of the fifty selected are all given.

Mr. POWER: On what is this selection based?

Mr. GUTHRIE: On the records in the Department of National Defence. The selection was made by that department and the names were submitted to the commissioner.

Mr. BROWN: Have you that for every province?

Mr. GUTHRIE: That is the system for all the provinces.

Mr. BROWN: Will you have a list of the selections in all the provinces?

Mr. GUTHRIE: That list has not been compiled as yet; the selection has not been completed.

Mr. POWER: What is to become of the people who have been in the service for some considerable length of time? Have they been given notice or a gratuity in lieu of notice?

Mr. GUTHRIE: I assume they will be treated as other officials of the service are treated. Temporary employees will be allowed to retire on the terms applied to similar retirements in other departments. I do not know just what they are. Those who are entitled to retirement allowance will receive it, but as a means of economy as much as anything we have decided not to take over all the members of the service. We do not require them all, and in that way a very large saving will be made.

Mr. VENIOT: Under the general act or regulations ten years service is required before any return is made in connection with superannuation. A person leaving the service before completing ten years does not get back the five per cent he has put in. Under the regulations adopted two or three years ago the customs preventive service was brought under the pension system. Some of these men will be let out under this reorganization. Would the minister look into the matter and

let us know later on, if he has not the information now, whether these men will lose the amount they have paid into the pension fund, or whether that money will be returned to them.

Mr. GUTHRIE: I will look into the matter. I cannot say offhand, but they will be given whatever is provided by the law.

Mr. VENIOT: If I am not mistaken there is no provision for them when they are retired by reason of their services not being required.

Mr. GUTHRIE: I think in that case they get a gratuity, and not a pension.

Mr. VENIOT: But they may have paid in more than the amount of the gratuity.

Mr. GUTHRIE: My recollection is that they get what they paid in, with some interest.

Mr. VENIOT: If that is so it is satisfactory.

Mr. GUTHRIE: I believe if they are dismissed they do not get anything.

Mr. POWER: May I ask if the counting of service in the great war for pension purposes is a new principle being incorporated in the act?

Mr. GUTHRIE: It is a new principle in the mounted police act.

Mr. POWER: Formerly when persons joined the police after having served in the great war, that service was not counted for pension, as I understand it, but it will be counted under this new legislation. Is this going to be a sort of blanket provision, taking in those who were members of the police force prior to the amalgamation of the customs preventive service, or will it deal only with those who are to benefit by this particular legislation?

Mr. GUTHRIE: My hon. friend probably knows that a great many members of the mounted police joined the forces and participated in the great war. Up until they left for the war their time counted for pension, but while they were away it did not count, and on their return a great many of them rejoined the police force. The provision is that such men who served in the great war shall be able to count the three or four years thus spent in connection with pension, and the same privilege will be given those in the preventive service. Any time they spent overseas will be counted towards pension, just as if they had served in the police force.

Mr. POWER: Perhaps I did not make myself quite clear. I quite understand the situation in connection with those mentioned by the minister, that is, men who prior to the war were members of the mounted police. It would be a very curious anomaly indeed if the time they spent at the war could not be counted for pension; I think we all agree on that. But I was asking the minister whether or not the time served overseas by a recruit who may join to-day, or who joined two or three years ago, will be counted with his police service, in connection with his pension.

Mr. GUTHRIE: The case could hardly arise under the present regulations, because they provide that no one shall be taken in who is over twenty-eight years of age. A man who is twenty-eight years of age to-day would have been a very young man at the close of the war; he would not have been able to serve.

Mr. POWER: Did the same regulation apply in the preventive service?

Mr. GUTHRIE: No, but the preventive service would be included under this provision, and any member who served in the great war would be able to count that time.

Mr. POWER: I understand that civil servants who served in the war had that time counted for pension.

Mr. GUTHRIE: That is right.

Mr. POWER: If a member of the customs preventive service served during the war, and is now incorporated in the mounted police, his time in the service and his war service would both count for pension?

Mr. GUTHRIE: Yes.

Mr. POWER: Now take the case of a man who joined the Royal Canadian Mounted Police, say, in 1925 or 1926 when, so far as I know, the regulations were not so severe and when the age limit was not twenty-eight years. Would the time he served in the war be counted for pension?

Mr. GUTHRIE: Yes, certainly.

Mr. POWER: That would not be so under the legislation previously in force?

Mr. GUTHRIE: No. That will be provided for in the bill which I propose to introduce.

Mr. POWER: Then I want to congratulate the minister.

Mr. SPEAKMAN: Under whose jurisdiction will the police in the provinces come? Will they report to and be directly controlled by the officials of the Dominion government

or the officials of the provincial government, or will they come under a dual control in respect of the different acts which they may enforce? That is, would they come directly under the control of the dominion in regard to the enforcement of purely federal laws, and would they report to and come under the control of the provincial authorities in respect of provincial matters?

Mr. GUTHRIE: They will be directly under the control of their own officers, and under the immediate control of Major General MacBrien, the commissioner. My hon. friend will see under the act that for certain purposes the force is under the Department of Justice, and for the time being the Minister of Justice is designated as the minister in control. But in each of the provinces where the system is now in operation we have a divisional officer, a superintendent, who is directly in touch with the attorney general of the province, and the administration of law is largely carried on through that superintendent and the attorney general. The supreme control of the force, however, is certainly with the commissioner at Ottawa.

Mr. SPEAKMAN: But in the actual working out of the act the control, for ordinary every day purposes, will be divided in accordance with the particular law which may be enforced?

Mr. GUTHRIE: I think that is a fair statement of what is taking place.

Mr. LAPOINTE: Where will the deputy commissioner be located—in Ottawa or somewhere in the western provinces?

Mr. GUTHRIE: I think in Ottawa. I had a discussion with the commissioner to-day and he said that the pressure had been so great here that he would have to have someone with more authority than now existed and that the deputy commissioner would be stationed here with himself.

Mr. LAPOINTE: I think that is an additional plum.

Mr. HOWDEN: Will the age regulation be observed in the transference of men from the provincial police to the Royal Canadian service?

Mr. GUTHRIE: Not as regards the men already in the service.

Mr. MacLEAN: Regarding the division of work, and the men in the preventive service of the provincial police who have been taken in in each province, will there be a sharp division or will they work in cooperation? Are their duties the same? Will the duties of the provincial police be defined by the province?

Mr. GUTHRIE: They will be under one control, and I should think there would be cooperation in every respect between them; but that is a matter about which I could not give definite information.

Mr. MERCIER (St. Henri): What will become of the heads of the provincial police in each province?

Mr. GUTHRIE: Those who have been favourably reported on as good officers are retained.

Mr. MERCIER (St. Henri): In what capacity?

Mr. GUTHRIE: I cannot tell; that will be under the control of the commissioner too, I fancy.

Mr. MERCIER (St. Henri): Will they receive the same salary?

Mr. GUTHRIE: I cannot say. They will be police force salaries.

Mr. POWER: What is the salary of the deputy commissioner?

Mr. GUTHRIE: It has not been fixed; it will have to be fixed in the bill.

Mr. GARDINER: Where the mounted police have taken over police duties in the provinces, which of the two governments will determine the number of police required for all purposes?

Mr. GUTHRIE: They have been determined by the provinces on the basis of a three-year agreement. They name the number and pay one thousand dollars per man.

Resolution reported, read the second time and concurred in. Mr. Guthrie thereupon moved for leave to introduce Bill No. 63, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

CRIMINAL CODE AMENDMENT

TRUSTEES DEFINED—DISPOSITION OF FINES

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 42, to amend the Criminal Code. (Trustees defined. Disposition of fines).

Motion agreed to, bill read the second time and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Section 1 agreed to.

On section 2—Payment of fines in Ontario to municipalities.

Mr. GUTHRIE: I desire to withdraw this section. The circumstances, briefly, are these. Section 2 was placed in the bill at the request of the government of Ontario. The effect of passing the section would be to allow the government of Ontario to dispose of all fines which are recovered in that province, as is permitted in all the other provinces of Canada to-day. In 1922 the government of Ontario induced this parliament to pass a special clause applying only to Ontario, which provided that these fines should go back directly to the municipalities. I received a request early in the year, asking me to go back to the old system that prevailed prior to 1922, and allow the fines to go directly to the province, the province to deal with them. Since I introduced the bill I have received word from the attorney general of Ontario that he proposes during the summer or autumn to call a conference of the municipalities of Ontario in regard to this question. A great many of the municipalities are not agreeable to the section now proposed. He says he will confer with them, and he has asked me to withdraw this clause of the bill for the present session and will advise me at the next session whether the province of Ontario desires it. Under these circumstances, if the committee is agreeable, I would move that it be withdrawn.

Mr. ELLIOTT: There is no relationship between the two sections of the bill?

Mr. GUTHRIE: None at all.

Motion agreed to and section withdrawn.

Bill as amended reported, read the third time and passed.

NATURAL RESOURCES

REFUND OF MONEY RECEIVED PRIOR TO TRANSFER TO WESTERN PROVINCES

Hon. T. G. MURPHY (Minister of the Interior) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to provide that the governor in council, upon the recommendation of the Minister of the Interior may authorize the payment out of the consolidated revenue fund of any sums of money received in connection with the administration of the natural resources prior to the transfer thereof to the western provinces, which His Majesty is under any legal or equitable obligation to refund, and that an annual statement be laid before parliament of all moneys refunded hereunder.

[Mr. Guthrie.]

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. LAPOINTE: Will the minister explain the resolution?

Mr. MURPHY: When the Department of the Interior was administering the natural resources of the western provinces, the regulations and practice in many instances called for the payment of moneys to the department in advance of the granting of rights. In some cases the moneys were tendered as guarantee deposits; in other cases, as advance payments; in other cases, the regulations provided a drawback. In all these cases, it was customary to refund any over-payment as speedily as determined.

In addition to the foregoing, there were cases where settlers made improvements on homesteads which they afterwards abandoned. Re-entrants for the same land paid the department the value of the improvements and it was customary to refund this amount to the cancelled entrant as soon as it had been collected from the reentrant, provided the municipality in which the land was situated certified that no unpaid taxes had accrued meanwhile.

Again, under the authority of an order in council of May 29, 1925, certain regulations governing the conversion of patented preemptions or purchased homesteads into soldier grants were established. Under these regulations, which were subsequently continued, settlers who had paid in full or in part for their preemptions or purchased homesteads, and who were entitled to soldier grant entry by reason of their military service, were permitted to convert their preemption or purchased homestead, as the case might be, into a soldier grant and obtained a refund of the purchase price.

So long as the department was receiving the revenue from dominion lands administration, no question arose as to the policy followed consistently by succeeding administrations. The refunds were made from current revenue. However, with the passing of the control of the natural resources to the provinces, the source of revenue disappeared.

Generally speaking, the applications may be roughly classified as follows:

(a) Petroleum and natural gas prospecting permit deposits: in addition to the prescribed rental, each applicant for a permit was re-

quired to make a deposit of forty cents an acre, which was returnable upon evidence being submitted that an equal expenditure had been incurred in prospecting operations on the location held under permit.

(b) Dominion lands: when homesteaders gave assignments to railway companies for areas acquired for right-of-way, the railway company, at the request of the department, instead of paying the consideration money over to the entrant, forwarded it here to be held in trust, pending the issue of patent. When the department ascertains that the entrant has become entitled to patent, it has been the practice to refund the money to him.

(c) Moneys paid to the department in connection with yearly licences and permits to cut timber on dominion lands: this department is holding certain sums which have been received in connection with the disposal of timber rights on dominion lands in the four western provinces, either in the form of deposits made as a guarantee that the permittee will pay the prescribed charges and conform with the timber regulations, or of credit balances which have arisen in favour of the permittee or berth-holder during the course of his operations.

(d) Seed grain: an occasional settler who has paid an instalment on seed grain indebtedness charged against the land for which he obtained entry, upon abandoning such entry has been permitted to obtain a refund of the sum so paid by him.

(e) Preemptions converted into soldier grants: the practice there has been as previously mentioned.

(f) Improvements left on cancelled homesteads or leases: the explanation is the same as was given under another heading.

(g) Soldier settler timber permits: refunds of dues paid in connection with settlers' timber permits on soldier settlement land from time to time as patents are issued by this department.

(h) Timber permit issued—no timber cut: refunds of dues paid on timber uncut under permits issued prior to the transfer of the resources, as the refunds are applied for.

(i) Grazing leases: moneys paid for improvements in connection with grazing leases which are refunded to the party who left the improvements on the land.

(j) Hay permit refunds: where no hay has been cut or where amount covered by permit is not available.

The total amount applied for to date is $51,140.75, although that may not be the total amount applied for as applications may come in now or later.

Mr. LAPOINTE: The language of the resolution is rather broad in the authorization it gives to the governor in council to pay sums of money which the crown is under any legal or equitable obligation to refund. Will the various cases which my hon. friend has mentioned, be indicated in the bill, or will it be rather in the nature of a blank cheque, leaving it to the discretion of the government as to whether the crown is under any equitable obligation to pay the sums which may be claimed from it?

Mr. MURPHY: The language of the bill follows pretty much that of the resolution—

Mr. LAPOINTE: That is pretty broad.

Mr. MURPHY: —but the intention is to continue to make payments out of the consolidated revenue fund on the authority of the governor in council on the same principle as that on which payments have been made, as a matter of legal right or of grace, during the past number of years. The hon. member will understand that these payments have been made for many years out of moneys which were received when the dominion was administering the resources and the department was in possession of current funds. Now that that revenue has dried up owing to the transfer of the resources, this simply gives the minister power, under authority of the governor in council, to make these payments out of the consolidated revenue whereas formerly they were made out of the current revenue of the department.

Mr. BENNETT: No power conferred under the bill to be founded on this resolution will be greater than that exercised by the minister before the resources were turned over, that is, the power conferred upon the governor in council will not be greater than that exercised by the governor in council heretofore.

Mr. LAPOINTE: The power exercised by the minister is under what law?

Mr. BENNETT: When the resources were administered by the dominion, the minister exercised his power through an order in council and returned moneys by order in council as regards claims that were sometimes equitable with respect to homesteads and matters of that kind, and sometimes purely legal. There is no longer a fund except the consolidated revenue fund out of which the moneys can be paid. This is to authorize the same order in council upon the recommendation of the minister for the payment of

moneys that might be held in trust or otherwise on an order in council and that heretofore were paid out of departmental funds.

Mr. STEWART (Edmonton): Will this cover all claims originating prior to the return of the resources?

Mr. BENNETT: It is intended, as the minister has said, to cover those claims which have not yet been adjusted, but which must be settled in some way because they arose prior to the time the resources were turned over. The money is now in the possession of the dominion. In some instances a legal claim exists; in some cases it is purely equitable. This is to enable the minister now to deal with those moneys out of the consolidated revenue fund through an order in council just as heretofore he himself used to have an order in council passed and a cheque could be issued accordingly. That cannot be done except by the authority now conferred, owing to the resources themselves having been turned over to the provinces, and the moneys formerly in the departmental fund being in the consolidated revenue fund.

Mr. FRASER (Cariboo): Is it proposed that this legislation shall apply to the railway belt in British Columbia and the Peace River block?

Mr. MURPHY: It gives the minister power under the authority of the governor in council to make refunds out of consolidated revenue fund which were formerly made by the minister through order in council.

Mr. FRASER (Cariboo): And it would apply to the railway lands in British Columbia?

Mr. MURPHY: Any individual heretofore entitled to a refund in connection with lands or grazing or hay or timber permits would still be entitled to it, and the minister under this legislation would be able to make such refund under the authority of the governor in council.

Mr. FRASER (Cariboo): What I have in mind is the case of a preemptor who took up a piece of land. On that land there was timber, and when he cut the timber and disposed of it he was obliged to pay a royalty on it. The royalty was imposed on the distinct understanding that when he had secured his patent the amount of the royalty would be refunded to the settler. They have had difficulty in British Columbia since the return of the natural resources in getting a refund, and I suppose that this legislation is to give the minister authority to pay back amounts of this nature. Is that correct?

[Mr. Bennett.]

Mr. MURPHY: That is correct.

Mr. GERSHAW: As the question of interest has come up, I would ask if the department pays interest to a man where there has been delay for months or years in paying the principal?

Mr. MURPHY: To the best of my knowledge there would be no interest paid to an individual. He would get his principal back without interest.

Resolution reported, read the second time and concurred in. Mr. Murphy thereupon moved for leave to introduce Bill No. 64, to authorize the refund of moneys received in connection with the administration of the natural resources.

Motion agreed to and bill read the first time.

EASTERN BANK OF CANADA

BANK CIRCULATION REDEMPTION FUND—PAYMENT TO ESTATE OF THE LATE ANGUS MCLEAN

Right Hon. R. B. BENNETT (for the Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

Resolved, That the Minister of Finance be authorized to pay to the executors of the estate of the late Angus McLean, of Bathurst, New Brunswick, the sum of $5,000, being the amount of the bank circulation redemption fund at the credit of the Eastern Bank of Canada, which was incorporated by chapter 28 of the statutes of 1928, but did not commence business.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. BENNETT: There are a number of non-contentious resolutions and bills standing in the name of the Minister of Finance, none of which I would ask the house to consider if they dealt with controversial matters. This particular resolution is non-contentious, perhaps the committee will deal with it.

Shortly, a bank was incorporated called the Eastern Bank of Canada, and into the bank circulation redemption fund there were paid certain sums of money, including $5,000 by the late Angus McLean. The bank did not function. All its bills have been paid and certificates to that effect have been given. Mr. McLean is dead and his executors are entitled to this money, but it requires a statute to take it out of the fund.

Mr. VENIOT: The bank was not incorporated.

Mr. BENNETT: It was incorporated by this parliament.

Mr. VENIOT: A bill was passed by the Senate and came to this house in 1929. Mr. McLean was not the original incorporator. Mr. Taylor was the promoter. The only question I want to ask is, have the interests of others been fully protected who were as deeply interested in this bank as Mr. McLean was when he was alive? Are they clear of all responsibility?

Mr. BENNETT: The moneys paid in were returned to everybody except Mr. McLean, and had he been alive the sum mentioned in the resolution would probably have been returned to him. With the lapse of time this money went into the fund, and it is now possible to withdraw it only by the authority of a statute. The necessary releases and so forth will be furnished to the minister before payment is made. The money is not that of the government; it belongs to Mr. McLean's estate.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 65 respecting the Eastern Bank of Canada.

Motion agreed to and bill read the first time.

Mr. BENNETT moved the second reading of the bill.

Mr. SPEAKER: By consent.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

Mr. BENNETT: This, of course, is being proceeded with now only by consent. Is the bill printed, Mr. Chairman?

The CHAIRMAN (Mr. Hanson, York-Sunbury): Yes, but not numbered.

On the preamble.

Mr. COOTE: What is the number of the bill?

The CHAIRMAN (Mr. Hanson, York-Sunbury): It is not numbered and not distributed. The present procedure can be had only by consent.

Mr. MACKENZIE KING: Is the bill printed?

The CHAIRMAN (Mr. Hanson, York-Sunbury): Yes.

Mr. MACKENZIE KING: Is it printed in English and French?

Mr. BENNETT: Yes.

The CHAIRMAN (Mr. Hanson, York-Sunbury): As hon. members have not the bill before them I shall read the preamble which we are now discussing:

Whereas the Eastern Bank of Canada (hereinafter called "the bank"), was incorporated by chapter seventy-eight of the statutes of 1928; and whereas the bank did not commence business; and whereas the subscribers to the capital stock of the bank, other than the late Angus McLean, deceased, of Bathurst, New Brunswick, have been refunded the amount paid by them on their respective subscriptions; and whereas the affairs of the bank have been wound up and the executors of the estate of the said Angus McLean, deceased, have made application to the Minister of Finance for the payment out of the bank circulation redemption fund of the amount at the credit of the bank; and whereas the sum of five thousand dollars deposited by the bank under the provisions of the Bank Act in the bank circulation redemption fund represents moneys subscribed and paid for shares in the capital stock of the bank by the said Angus McLean, deceased; and whereas it is expedient to obtain the authority of parliament for the payment of the amount of the bank circulation redemption fund at the credit of the bank to the executors of the said Angus McLean, deceased; Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Preamble agreed to.

The CHAIRMAN (Mr. Hanson, York-Sunbury): Section 1 is as follows, and comes under the heading "Payment authorized":

1. The Minister of Finance may pay to the executors of the estate of the late Angus McLean, of Bathurst, New Brunswick, the amount of the bank circulation redemption fund at the credit of the Eastern Bank of Canada.

Mr. POWER: Under what authority were other subscribers paid?

Mr. BENNETT: Other subscribers were paid their money in their life time. When the bank was wound up, the money not having been placed in such a position, it was no longer available to honour the cheque of the individual who gave it. In other words this fund is really in the consolidated revenue fund, having been transferred there, and it is technically part of the bank circulation redemption fund, but cannot be withdrawn except with the authority of the statute, which was legal authority for the other payments. That is my information, but I shall speak to the minister about it.

Mr. LAPOINTE: Are there any other parties claiming it?

Mr. BENNETT: No, there is no claim of any kind. It is as much their money as it is possible for anything to be their money.

Section agreed to.

Section 2 agreed to.

Bill reported.

Mr. BENNETT: In view of the circumstances, I will not ask for a third reading of the bill to-day, but shall have inquiries made so that I may answer the question of the hon. member for Quebec South (Mr. Power) as to the exact authority under which other payments were made.

EMPIRE PARLIAMENTARY ASSOCIATION

STATEMENT BY PRIME MINISTER CONCERNING ATTENDANCE IN BERMUDA OF MEMBERS OF THE SENATE AND HOUSE OF COMMONS

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it being nearly six o'clock, I desire as a matter affecting the privileges of this house, to refer to an editorial appearing in the Ottawa Journal of Wednesday, April 27, 1932. The editorial is headed "A Nice Little Joy Ride." The last paragraph is as follows:

There will be hard cynical people, of course —perhaps some of them have been feeling the economy axe—who will complain; who will think this is just a nice joy-ride at the country's expense. And there may be some even who will wonder why the grand passion for economy didn't reach out to include votes for a Parliamentary Association to help some of its members golf amid zephyr breezes that kiss the breakers on coral reefs. But they really mustn't. Our tired legislators, and particularly those who have been attending the strenuous sessions of the Senate, need this little vacation; especially as they are going to kill two birds with one stone and help save the empire while saving themselves.

I may say that Bermuda sent invitations, through the Clerk of the House as secretary of the Empire Parliamentary Association, inviting a certain number of members of the Senate and the House of Commons to visit Bermuda at the expense of the government of that place. No money of this country has been voted for the purpose. The sum appearing in the estimates that is paid to the Empire Parliamentary Association is paid for publications and is remitted in its entirety to the secretary of the association for that purpose. It is wholly incorrect and absolutely unfair to say or suggest that those who have been selected, or have agreed to go to Bermuda as guests of the Bermuda government have been taking money from this country for that purpose. The report is as inaccurate as it possibly could be; it is unfair to this parliament and to the gentlemen who have gone from this chamber and the Senate to Bermuda. It is a little difficult to understand why such a statement should have been made.

[Mr. Bennett.]

PARLIAMENTARY LEADERS

PRESS REFERENCES TO RELATIONS BETWEEN PRIME MINISTER AND LEADER OF THE OPPOSITION

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I have just been reading an editorial appearing in the Ottawa Journal of Wednesday, April 27, 1932, immediately below the one to which my right hon. friend has just referred. It may affect the privileges of the house, and certainly is a matter of personal privilege. The article is headed, "Mr. Bennett and Mr. King," and begins as follows:

According to despatches sent out to Winnipeg and Toronto papers, Premier Bennett and Mr. Mackenzie King have ceased to be on speaking terms, have no personal nor social contacts. This, if it be true, is a pity.

The article continues at some length. So far as I am concerned I was not aware that I had ceased to be on speaking terms with my right hon. friend. It is quite true I have not felt able to accept some of the invitations he has kindly extended, but beyond that I have not been aware of any personal difference with the Prime Minister.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I am very glad the right hon. gentleman has made the observations to which we have just listened. I have had no occasion to speak to him and therefore I cannot be said not to be on speaking terms with him. The last occasion I had the opportunity of speaking to him I did not observe anything in his conduct which would indicate that he was unwilling to speak to me. Perhaps I spoke first on that occasion, but inasmuch as there have been very acute differences between us, in connection with which he said he would not accept any statement made by me, I assume the newspapers concluded that as a matter of intelligent discrimination I might decline to make any.

On motion of Mr. Bennett the house adjourned at 5.45 p.m.

Thursday, April 28, 1932

The house met at three o'clock.

RAILWAYS AND SHIPPING

Mr. R. B. HANSON (York-Sunbury) presented the sixth report of the select standing committee on railways and shipping.

Mr. Hanson moved that the report be referred to the committee of supply.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

Mr. HUGH GUTHRIE (Minister of Justice): I beg to lay on the table of the house three copies of order in council No. 857, dated April 16, 1932, passed under the authority of chapter 165 of the revised statutes of Canada, providing for the consolidation of the preventive service of the National Revenue department with the mounted police.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

ROYAL CANADIAN MOUNTED POLICE

Mr. GIROUARD:

1. Has the Royal Canadian Mounted Police replaced, in the province of Quebec, the officers of the Customs preventive service, if so, since what date?

2. Who has been appointed head or superintendent of the Royal Canadian Mounted Police in that province?

3. What are the names of the Royal Canadian Mounted Police acting in the province of Quebec in lieu of the former Customs preventive officers?

Mr. GUTHRIE:

1. The Royal Canadian Mounted Police in taking over the preventive service on April 1, 1932, has absorbed most of the former members of the preventive service in that province.

2. Superintendent Thomas Dann.

3. All members of the force in the province of Quebec act in endeavouring to prevent infractions of the Customs and Excise Acts. The following members of the former preventive service have been taken over in the province of Quebec and are now members of the Royal Canadian Mounted Police:

1. J. A. L. Arsenault; 2. J. T. E. R. Allard; 3. J. R. Bourassa; 4. L. B. Brault; 5. A. W. Anderson; 6. W. Mack. Brady; 7. P. A. Chapados; 8. L. C. Cahill; 9. J. C. E. C. Delorme; 10. H. A. Dawson; 11. J. B. Ducharme; 12. C. J. Desaulniers; 13. C. L. Dale; 14. A. A. Denonville; 15. M. J. P. O. Frejeau; 16. J. F. F. Gagnon; 17. A. G. Gobeil; 18. J. R. Huet; 19. J. D. Keiller; 20. G. A. Kelly; 21. J. E. LeMay; 22. O. Lessard; 23. G. E. Lapointe; 24. J. I. R. Lavoie; 25. M. T. Laberge; 26. D. Mack Lindsay; 27. J. R. Lemieux; 28. M. Lapierre; 29. J. N. Menard; 30. T. A. Menard; 31. L. R. McLean; 32. L. C. P. McLean; 33. J. A. Minard; 34. P. A. Martineau; 35. J. R. Pelletier; 36. J. A. Plourde; 37. J. E. Pinet; 38. J. O. Racine; 39. A. B. Riepert; 40. A. H. Robert; 41. P. E. Rioux; 42. A. Roy; 43. D. A. Racicot; 44. J. J. C. A. St. Pierre; 45. P. A. Therriault; 46. E. E. Therriault; 47. J. A. Turgeon; 48. M. D. Tracey; 49. J. C. R. Verdon.

SHUBENACADIE, N.S., POST OFFICE BUILDING

Mr. ILSLEY:

1. What is the total cost to date of the post office building recently constructed by the government at Shubenacadie, Nova Scotia?

2. What was the contract price for this building?

3. (a) How much did the government pay the contractor for extras; (b) of what did such extras consist?

4. (a) What was the contract price of the heating apparatus in this building; (b) how much did the government pay for extras for heating?

5. (a) From whom did the government obtain the sewerage rights for this building; (b) what amount did the government pay for these rights?

6. (a) Who built the sewer; (b) how much did the sewer cost the government?

7. (a) What was the cost to the government of the water supply to this building; (b) where is the water obtained; (c) is the water supply satisfactory?

8. (a) Was the inspector on the construction of this building appointed by the Civil Service Commission; (b) if not, on whose recommendation was he appointed; (c) what amount was he paid for his services?

Mr. STEWART (Leeds):

1. $20,464.61, including site.

2. $15,124.90.

3. (a) Nil. (b) Answered by (a).

4. (a and b) Heating equipment included in general contract; no information as to amount.

5. (a) Permission to connect to Municipal sewer obtained from Robert Gass, warden of the municipality of East Hants; (b) Nothing paid for rights to connect to sewer but agreement states: "The Department to contribute proportionately to the value of its property to any cost of upkeep for repairs. A right of way was obtained through the property of J. A. Kirkpatrick for this sewer for the sum of $80.

6 and 7. Sewer, well and pumping outfit constructed by J. B. Caddell for $600. Water supply is obtained from the well and no complaints have been received by Department regarding the supply.

8. (a) Yes; (b) Answered by (a); (c) $604.83.

POST OFFICE—CHANGE OF SITES

Mr. BARIBEAU:

How many postmasters in each province from September 26, 1926, to August 7, 1930, lost their positions owing to change of site of post office, ordered by the Postmaster General?

Mr. SAUVE:

Ontario	5
Quebec	24
Nova Scotia	24
New Brunswick	16
Prince Edward Island	1
Manitoba	7
Saskatchewan	15
Alberta	5
British Columbia	1
	98

QUESTIONS PASSED AS ORDERS FOR RETURNS

MONTREAL HARBOUR ELEVATOR—SAND PURCHASES

Mr. GARDINER:

1. From what companies was sand purchased through contractors for construction of the elevator at section 42, Montreal harbour?
2. What are the names of the owners of these companies?
3. Were any members of the harbour board or harbour board officials interested in any of these companies, either directly or indirectly?

MONTREAL HARBOUR—PIERS AND ELEVATORS

Mr. GARDINER:

1. Were contracts let to the Atlas Construction Company and to Barnard and McQueen for the construction of piers and elevators for the Montreal harbour commission from 1922 to 1930?
2. If so, what were the contract prices?
3. Were these prices the lowest tender?
4. From whom did the Montreal harbour commission purchase British Columbia timber from 1922 to 1930?
5. What prices were paid for same?
6. Were any contracts made with lumber companies that were owned wholly or in part by the Montreal harbour commissioners or officials?

MONTREAL HARBOUR ELEVATORS—GRAIN OVERAGES

Mr. GARDINER:

1. Were there any overages of grain accumulated in the Montreal harbour commission elevators during the years 1922 to 1930?
2. If so, what were the overages in each of these years?
3. To whom were such overages sold?
4. What money was realized by the sale of overages?
5. What disposition was made of the proceeds?

MONTREAL HARBOUR—CANADIAN IMPORT COAL COMPANY LEASH

Mr. GARDINER:

1. What was the rental named in the lease from the Montreal Board of Harbour Commissioners to the Canadian Import Coal Company?
2. Were any special privileges allowed in this lease that did not apply to the leases granted to the other coal dealers?

[Mr. Baribeau.]

3. Was the entire Bickerdike pier leased?
4. If not, what portion was leased?
5. Were there any other tenants on this pier?
6. Was lease approved by order in council?
7. If not, why?
8. If lease was for an annual rental that was not adequate and not approved by order in council, will lessee be called upon to pay a further amount to make up the deficiency?
9. What coal was purchased from the Canadian Import Company by the Montreal harbour commission?
10. Was a proper check made to see that full weight was received?
11. What were the prices paid by the Montreal harbour commission to the Canadian Import Coal Company for the different grades and varieties of coal?

PRIVILEGE — Mr. MACKENZIE — (VANCOUVER CENTRE)

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I rise to a question of privilege, Mr. Speaker, arising out of an article in the Ottawa Journal of to-day dealing with a debate which took place in another place yesterday, and in which the following words are used:

The committee—

It is referring to the Beauharnois committee of last year:

—representing three political persuasions, heard the evidence and adjudicated thereon. It was a fact beyond controversy that the report was adopted unanimously by the committee.

I wish, sir, to state again as I stated last year on the thirtieth day of July, 1931, as will be seen by page 4373 of Hansard of that date, that that statement is entirely incorrect. I so informed the chairman of the committee at the final sitting of the committee on July 28, 1931. I so informed my right hon. leader and my colleagues on this side of the house, and my right hon. leader so informed the Prime Minister last year before the debate of July 30, 1931.

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

Hon. W. A. GORDON (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements; to provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan; to assist in defraying the cost of the sale and distribution of products of field, farm, sea,

river and mine; to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money by any public corporation or undertaking.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I wish to point out that this resolution is very similar to the resolution that preceded the Unemployment and Farm Relief Act which was introduced last session, and the Unemployment and Farm Relief Continuance Act which was introduced at an earlier stage of the present session. There is, however, one feature of the present resolution which makes it markedly different from the previous ones. The previous resolutions proposed to give to the governor in council power to pass orders in council with respect to peace, order and good government. That particular power is fortunately conspicuous by its absence from the present resolution, and I would like to say to the government how glad I am that they have seen the force of the objections which have been made from this side of the house to the governor in council taking to himself the power to legislate with respect to peace, order and good governnment. With that objectionable feature removed, the resolution in its present form is infinitely less objectionable than the previous resolution.

However, the present resolution still contains the objectionable feature of allowing the governor in council at his discretion to take moneys from the consolidated revenue fund for the purposes which are stated, and only in a general way, in the terms of the resolution. I do not believe it would be possible to add anything to what has already been said from this side of the house with respect to the wrongfulness of that method of proceeding. It has been asserted over and over again that the supreme obligation of the House of Commons is to maintain unrestricted control over the destination of all grants, and to that end it is essential that any grants of public money from the consolidated revenue fund should be made for specific objects designated, and the amounts required therefor should also be specifically named. I would like it to be understood that we on this side oppose as strenuously as we did, heretofore, in the last session and in the earlier part of this session, the feature of this resolution which leaves it to the discretion of the governor in council to take from the consolidated revenue fund whatever amounts of money he may wish to take for the purposes named in the resolution. It is another blank cheque which the administration is asking for itself, notwithstanding the obvious objections to that course which have been made only too plain in the course of debate in this house.

There is a feature of the present resolution that I would like to draw to the attention of the Prime Minister. It seems to me that in its terms the resolution is ambiguous, the extent to which criticism may be directed against the resolution and the bill itself will depend upon its exact terms when that ambiguity is removed. As the resolution reads, it would appear at first sight that it had relation to agreements to be made between the dominion and the provinces, and that all the moneys that were to be taken from the consolidated revenue fund would be taken solely in connection with those agreements under the terms thereof. On the other hand, the resolution read in a different way would appear to give the governor in council power to take money from the consolidated revenue fund not only for the purposes named in the agreements with the provinces but also for other purposes which may not relate to any agreements with the provinces at all.

Moreover, there is a further ambiguity in that it does not appear whether this resolution relates exclusively to what may be required for the purposes of unemployment and farm relief. I should like the Prime Minister to indicate before we go into committee whether the resolution is intended to be restricted to unemployment and farm relief or whether it goes further than that. Let me make clear by illustration the meaning of what I have just said. The resolution reads:

> That it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements.

The first sentence, that is to say that comprised in the five lines from "that it is expedient" down to "agreements," is quite complete in itself. It makes it apparent that the governor in council is asking for powers to make agreements with the provinces and to take from the consolidated revenue fund moneys for the purpose set out. The resolution goes on, however, to name other purposes, and it is not clear from the resolution whether these purposes are such as must in some way be related to the agree-

ments made with the provinces. The resolution reads:

To provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan;

That one provision is ambiguous in itself. It is not clear from the reading of it whether it relates to special requirements for national parks, generally—parks in British Columbia and Manitoba, as well as in Saskatchewan—or whether it relates solely to national parks in Saskatchewan. As I read it, the English would relate exclusively to parks in the province of Saskatchewan.

Mr. BENNETT: I think there is only one park in Saskatchewan.

Mr. MACKENZIE KING: Yes.

Mr. BENNETT: The plural form is used in this instance.

Mr. MACKENZIE KING: Then it is intended to go beyond the one province, although the terms used do not make that clear. It reads:

To provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan;

The Prime Minister has cleared up that point, and has indicated that there are two separate purposes, namely, to provide for special requirements in the national parks, and for special requirements in the drought-stricken areas of the province of Saskatchewan. Then another purpose is:

To assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine;

That may be an entirely separate matter from anything relating to unemployment relief.

Mr. BENNETT: That was in the bill of last session.

Mr. MACKENZIE KING: In the bill of last session that power was given, but it was given only for unemployment relief purposes. The bill of last session was designated as one dealing with unemployment and farm relief, and I should like to know whether this particular provision is intended to be restricted in the same manner. If it were given another interpretation it would of course permit the government to bonus the products of field, farm, sea, river and mine for any purpose and in any connection. If such is the case it ought to have its place among some of the resolutions which have been brought down by the Minister of Finance in connection with the budget, rather than to form part of a resolution concerning unemployment and farm relief.

The next group of subjects mentioned relates more specifically to the loaning of money. There again it is not apparent whether the loans must appear first in some agreement, or whether this is a separate power which the administration is seeking to take to itself. The resolution reads:

To loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance,

Then, finally—

And to loan money to and guarantee the payment of money by any public corporation or undertaking.

That last clause is very wide, indeed. If it has no relation to the agreements that will be drawn between the federal government and the provinces, it is simply a request for authority from this house to enable the government to loan money to and guarantee the payment of money by any corporation or undertaking. Whether or not that has to do with the emergent condition existing at the present time, and is a part of unemployment and farm relief legislation, is not made clear. From the wording no one can say whether or not it is simply a provision to help any particular corporation or undertaking the administration may wish to help.

I do not desire to be critical of the resolution until I understand its terms perfectly, and see the bill that is based upon it. There will then be time to bring its features further to the attention of the house and the country. I ask the Prime Minister first to make clear whether or not the resolution is intended as an unemployment relief resolution, and whether all that is in it is to be construed as relating to the problem of unemployment and farm relief, or whether it is in the nature of a series of separate measures, one relating to unemployment and farm relief, and another relating to the powers of the government to loan moneys and to guarantee moneys loaned to provinces and corporations, and to make grants of public moneys to public corporations and undertakings. Further, is it also a measure to give the government power to assist in defraying the cost of the sale and distribution of products of the field, farm, sea, river and mine, wholly independent of the degree to which the actions of the government in that regard may be related to unemployment and farm relief.

When the bill is introduced hon. members on this side of the house will wish to discuss the matter at greater length. At the present time, however, so far as the principle of discretionary power is concerned, I should like to emphasize again that we protest as strongly as ever against the government being granted powers to take at its discretion from the consolidated revenue fund of the country, without limitation and with but little in the way of designation of the uses to which they are to be put, whatever moneys are required for the several purposes herein mentioned.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the resolution stands in the name of the Minister of Labour (Mr. Gordon) who will be prepared to answer the questions asked when the resolution is in committee. However in the light of the statements just made by the leader of the opposition it seems fitting that I should make a few observations.

At the meeting of the representatives of all the provinces of Canada held in this city a few days ago we discussed fully the question as to how they considered it would be best to deal with the future. They were most emphatic in their expression of the opinion that no good purpose would be served by stating an amount in any bill of this character. One premier said that he objected strenuously to that being done, because it would place him in the embarrassing position of endeavouring always to have it said that he had obtained his full share of the money. Other representatives expressed similar opinions.

As to the soundness of the view of the leader of the opposition to the effect that a blank cheque is undesirable I have nothing to add to what I have said on previous occasions. It is not the general principle upon which parliaments or legislatures proceed. However in the cases to which I referred some time ago, without going over them again, parliament has found it necessary at times to do so. That is, the limitation must be one which in times of emergency is imposed by reason of the financial condition of the country itself. No government will undertake financial obligations that it cannot for the moment meet, and the experience we have had during the past year makes it abundantly clear that the powers sought must in some way be provided to enable the situation which has developed in some of the provinces to be met. The provinces in the west believe they will be able to meet their ordinary expenditures during the present year. They have endeavoured to adjust their budgets to meet their necessities, and have done that by increasing taxation and reducing appropriations.

The considered opinion expressed the other day at the conference was that while in some instances they might fall short of the full realization of their hopes, they expected they would balance their budgets. In the meantime, however, for reasons I shall not again state, it is desirable that the credit of the dominion should be sustained and protected by protecting and sustaining the credit of the provinces. During the progress of the discussion on this measure, when it becomes a bill in committee, full information will be given as to the amount of money we have had to advance to the provinces.

I am not unmindful that the leader of the opposition has suggested that a conference might have been held between the dominion and the provinces dealing with these financial problems. But the provinces affected have at the moment expressed the view that they are not in a position to readjust their whole field of taxation, and we certainly are not in a position to contemplate the changes that some of them would like us to make. But one fact is apparent, that the financial burden of most of the provincial legislatures has become well-nigh intolerable on their respective populations. For instance, you have now in some parts of this country two income taxes, provincial and federal; you have two income taxes in some provinces by reason of cities imposing income tax. It is not calculated to improve our position abroad by having such a burden of taxation imposed upon the people of the country. Protests, of course, have been made on the theory that the income tax should be a tax collected by only one government in the state—whether it be federal or provincial is a matter that has not yet been determined. For instance, on one occasion at a conference here it was urged by the provinces that they should be left free to collect taxes from individuals, and that the dominion should collect taxes from corporations. As the greater part of the income tax is paid by corporations and the portion of it paid by individuals is relatively small, these provinces thought that they might adjust the burden against individuals in such a way as to enable it to be more equitably borne than if there were an income tax against individuals by the dominion and also another by the provinces.

These are questions which I do not think any member of the house will conclude that we are in a very good position carefully to discuss and determine at this time. The provinces have had a very, very difficult ex-

perience, especially the newer provinces with a scattered population and large areas, and they felt that it was undesirable to place in a measure of this kind a sum of money that might be available for the purposes indicated in the resolution. I was not averse to it on general principles, but I do believe that they are sound in the objections which they take, and it is for that reason that this measure appears in the form in which it is.

The minister himself will explain to the committee the view of the provinces as to the undesirability of making contracts for public works on a large scale, or by municipalities rather than by the provinces themselves. Their financial situation that showed some sign of improvement, as I have indicated already, has not responded as was expected by reason of events in 1931, to which I have already referred. And so we are asking for power to advance money, if need be, to the provinces, by loans or guarantees, and it is not to be limited to purely unemployment purposes. It was not intended, at least in the bill, so to limit it. Some of the provinces expressed the view that while they do not expect to call upon us to any great extent, they may be compelled to do so. For instance, since we extended the operations of last year's act we have had to make substantial advances to some of the provinces to meet the difficulties of their financial situation. The minister will explain that when the house is considering the details of the bill.

With respect to the two matters mentioned by the leader of the opposition, namely, work in the national parks and relief in the province of Saskatchewan, I have only to observe that several of the western provinces are of the opinion that within the national parks there are opportunities for work to be done that might take from the cities and towns a substantial number of single men who would do some work for subsistence, plus an allowance that the provinces propose to make to them, and that that being a work which under our constitutional division of power devolves upon the federal government, we should be in a position to make a somewhat different agreement with respect to that than we would with respect to ordinary matters within provincial jurisdiction. I may illustrate it by pointing out that a highway is under construction from Jasper through to Banff. It is a purely scenic or tourist undertaking. Doubtless it will attract when it is finished within four or five years hence large numbers of people to this country, and will assist very materially, I believe, in adjusting the adverse balance of trade. The experience has been that the tourist trade is the largest invisible item that we have. To that extent we are doing some productive work when we undertake such a construction program. But in that matter the provinces would feel that their contribution is somewhat different from what it would be under normal conditions.

The question of assisting to defray the cost of the sale and distribution of the products of field, farm, sea, river and mine was in last year's legislation. It might or might not technically be regarded as a relief provision. I say frankly to the right hon. gentleman that last year I had not so regarded it. Primarily it was intended to enable us to deal with financial difficulties that might be experienced with the pools in obtaining from the banks adequate credit if they had the large crop that they expected, and inasmuch as their physical assets of elevators and terminals had been mortgaged, we took that power last session; we exercised it also because the crop was somewhat larger than expected. Had that power not been there we would have been placed in a difficulty by reason of the circumstances which I have already explained to the house. When the provision was made last session, we made it large enough to meet a situation that might conceivably develop in respect to matters other than those covered by the operations of the pools.

The next items, particularly the last two, deal with the question generally of providing credit facilities if they become necessary. I can only say this to the house at the moment. It is perhaps known to every one that in the United States it became necessary to create a credit corporation for the purpose of meeting a situation which happily has not reached anything like the proportions in this country that it has there. I endeavoured the other evening to point out to this house—I am afraid I did not succeed as I should have liked—the seriousness of the situation that immediately confronts the people of the North American continent, arising not from lack of wealth, but from conditions to which I alluded, because there has been such a tremendous shrinkage in values—the assets of the financial institutions having been to no inconsiderable extent, especially in the great republic, loaned on securities that are no longer active, but are now of the category, of what might be called frozen assets—that any government seized with a sense of responsibility must, I think, anticipate the possibility of having to deal with a situation in which the same attitude of mind may be taken as was taken in the United States. The min-

ister has in his hand a report for the first three months of this year, January, February and March, of the operations of that corporation, and it is rather an illuminating document. He will make reference to it as the discussion in committee proceeds, if the questions necessitate it being done. I thought—at least, it is the view that the government has—that it would best conduce to the satisfactory disposition of the situation, having regard to the immediate demands of the moment and what we conceive may be the possible demands of the future—and which we hope will not be made upon us—if we place upon the statute books legislation that will enable the government to meet the difficulties which may arise. That is the purpose at least of the provisions at the end of the resolution.

The minister is precluded by the rules from speaking again at the moment, but what he had in his mind—if I might so state from what he said to me before we came into the chamber—was that if the house went into committee of the whole on this resolution a very frank and full discussion in the way of constructive suggestions on the part of hon. gentlemen opposite might take place, and that the resolution would not be moved out of committee to-day, but after discussion had taken place for some little time the minister would move that the committee rise, and the bill will be predicated upon what is believed to be the general view of the house as to the measure that will meet the exceptional and emergent conditions under which we are gathered together at this moment.

While I do not desire to be regarded as an alarmist in any sense, I am one who tries to measure as best I may the play of forces that have to do with conditions in a country such as this, and the influence of the conditions prevailing over one-half of this continent is unhappily too frequently reflected in our own country. If conditions which now exist should work in a way which is conceivable a very great strain would be placed upon our whole financial structure, and we only seek from the house authority to meet that emergent condition. If on the other hand conditions operate as we hope, and as many of us believe that they will, then we do not desire to exercise that power. But we believe it would not be the wish of any member of this house, or of the people of Canada, that if these conditions should arise, in the interval of time before the house could be called to meet that emergency we should not be able to take some measures to alleviate conditions and support the financial structure of the country.

I am not going to dwell upon the difficulties. I only say again to the members of this house that if they had had the experience that unhappily has been mine from September, 1930, to the present moment in connection with the whole financial operations of this country, with falling revenues—perhaps attributable to the fact that the customs revenues are lower, though there is a difference of opinion as to that—I know they would realize that the gravity of the situation is not wholly reflected by the figures, but that conditions are now operating in this country the ultimate direction of which we are not able to control. Subject as we are to the currents and influences of world conditions, we can only ask that the house should frankly express its opinion when this measure is in committee of the whole, and if I might venture to do so I would suggest that this be done in no narrow party sense but rather in the larger sense of doing what is purely an emergency act. We do not ask this in order to have powers conferred upon the executive, but merely to enable your country and mine, at a moment of stress and strain, to function if that stress and strain becomes so exceptional as to demand the exercise of these powers. If, without prejudice to any rights, the house might go into committee, the minister could deal with every phase of this matter as freely as possible, as I have said it is not the intention to submit the bill to the house until after the discussion has taken place on the resolution standing in the name of the minister.

Mr. GARLAND (Bow River): I should like to ask the Prime Minister one question. What is meant by the words "public corporation" in this resolution?

Mr. BENNETT: They mean just what the words "public corporation" mean in law, a corporation in which the public is interested, as distinguished from a private corporation.

Mr. GARLAND (Bow River): Such as an insurance company?

Mr. BENNETT: I suppose there are some insurance companies which are family corporations; I do not know, but the use of the word "public" broadly and generally with respect to a corporation means one whose shares and ownership are in the hands of the public, as distinguished from private individuals.

Mr. POWER: Consisting of more than thirty-five persons.

Mr. BENNETT: Quite so.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I am sure the procedure which

the Prime Minister has outlined to be followed in connection with this measure is very satisfactory to many of us in this house. However, there are one or two matters of general importance which I think might be considered at this stage. We have not been informed whether or not this is the only measure dealing with relief that is to be brought down this session, but I presume it is. If that is so it seems to me right that at this stage we should consider the whole question of the method of relief.

We have been given no report as to what took place at the conference between the Dominion and provincial governments, but some of the representatives of provincial governments have given indications, as they have gone back home, that there is to be a radical change in the whole method of relief and that public works are to be given up, with direct relief to be adopted as a principle. If that is so it seems a very serious matter indeed, and one that should be dealt with by this house. I can understand very well that when it comes to details the administration will have to arrange matters with the various provinces; I can understand that there is something to be said for leaving the amount to be expended rather indefinite, so there will not be rivalry on the part of the provinces. But as to method I do think it would be disastrous if we were to give up the idea of anything in the nature of unemployment insurance or anything in the nature of extensive public works and settle upon what is after all the very worst type of dole, the mere giving of relief. The Prime Minister will agree that the dole is bad; he has so expressed himself, yet I think that is what is involved.

I can quite understand that the provinces and the municipalities themselves are not in a position to carry on extensive public works. I know that is true of the western provinces, but that does not altogether settle the matter, because if necessary the Dominion itself still has the resources with which to carry on public works, even though these are located within the bounds of the different provinces. When we consider the welfare of the men, women and children involved in this problem of unemployment it does seem that we should not let our relief scheme degenerate into mere assistance in the form of doles.

Now let me give one or two examples. The other day in the west we had the suggestion that some assistance should be given the municipalities and provinces that were attempting to establish people on the land. Personally I do not think that such a scheme is a solution of the economic problem involved, but I do think it might be considered a better relief scheme than simply the handing out of doles. It ought to be made clear to us whether or not the policy of this government contemplates entering into arrangements with the provincial governments with regard to a relief scheme of that kind. The Prime Minister has indicated that possibly some special arrangement might be entered into with regard to unemployed single men who might be sent out into our parks or highways. I was very glad indeed to hear him make that statement, but it seems to me that kind of policy might be very considerably extended. For example, recently in the city of Ottawa a plan has been proposed by the Canadian Red Cross to place a number of these men on a farm where they might at least earn their own subsistence and thus be saved from the demoralizing tendencies that we all know exist in connection with our relief agencies. I should hope that it might be possible to extend this principle of providing work for men, other than the large groups of single men who are now congregated in a few of the large western cities.

Just one other matter. The resolution gives authority to loan money to any province on such terms as may be agreed upon. One province at least has expressed one way in which it would like to arrange this matter of loans, and I think this is particularly significant as following the episode in connection with the provincial savings office of Manitoba. I quote from the votes and proceedings of the legislative assembly of Manitoba of Thursday, April 14, 1932, the following resolution:

> That whereas, under the existing federal legislation, the provinces have not the right to establish banks;
>
> Whereas, the payment of interest on money borrowed from the banks, and elsewhere, has reached such proportions as to absorb a heavy percentage of provincial revenue;
>
> Whereas financial policy is closely related with the wellbeing of the people as a whole; and,
>
> Whereas the creation of a bank under provincial control would, to some extent, facilitate the financial transactions of the government of the province;
>
> Therefore be it resolved, that this legislature urge the federal government, at the present session of parliament, to amend The Finance Act and The Bank Act so as to enable any province so desiring, the right to establish a provincial bank, and to enable the Minister of Finance of the federal government to make advances of currency to the provinces of Canada upon pledges of security, in a manner similar to existing power to make advances to existing banks.

I would ask the Prime Minister whether he has received this resolution passed by the legislature of Manitoba, and whether or not his government has in contemplation any revision of the Bank Act or of the Finance Act along the lines requested.

Mr. BENNETT: With your permission, Mr. Speaker, I will answer the hon. gentleman's question at once. First, banks and banking under our constitution, section 91, are solely within the jurisdiction of this parliament, to the exclusion of provincial power; secondly, if the province of Manitoba desires to establish a bank it can, under the provisions of the Bank Act, incorporate a bank in this parliament, or direct that to be done, and establish such bank in the manner prescribed by the Bank Act; and, thirdly, this parliament could not confer the power sought except by an amendment to the constitution itself, if by the resolution in question it is intended that we should confer upon a province power which the British North America Act declares belongs exclusively to the dominion and which the dominion cannot by mere legislation pass on to a province. I had received a copy of the resolution, transmitted through official sources, and the answer which I have roughly drafted and will forward is the answer which I have now given. But it does seem idle that a legislature should waste its time passing resolutions that this parliament should exercise an unconstitutional power for the purpose of endeavouring to confer an unconstitutional authority upon a body which, under our constitution, cannot exercise it.

Mr. WOODSWORTH: May I ask whether it would not be possible, without any violation of the constitution, that the provinces should be given the same right under the Finance Act that is now possessed by the banks?

Mr. BENNETT: No, because they are not capable of supplying the security under which that power is exercised. I will give the hon. gentleman a concrete case. The banks are now overloaded with the securities of the province to which he refers, and under the provisions of the Finance Act they could only grant the banks a limited amount on the deposit of these securities; and the treasury board has to fix the extent to which the advances could be made from time to time, having regard to the solvency and credit conditions that obtain in the province in question. I think the hon. gentleman will realize that if the power he mentions were exercised, the whole financial structure would be destroyed over night. I may add that the question of the appointment of commissions was discussed with the representatives of the provinces, and the minister will give to the committee the information in that regard which he mentioned the other day.

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

Mr. POWER: I do not see anywhere, in the authority which it is proposed to confer upon the governor in council, the right taken by the government to carry on with purely federal public works.

Mr. BENNETT: It is not there.

Mr. POWER: Am I to understand that that is done because it is not the policy of the government to carry on with purely federal public works other than those which have been voted in the estimates?

Mr. BENNETT: That is right.

Mr. HEAPS: Will the Minister of Labour inform the committee whether there are likely to be any changes in the attitude of the government towards the cost of relief as between the federal and the provincial governments?

Hon. W. A. GORDON (Minister of Labour): Perhaps at this stage I might make some general observations with respect to this resolution, in order to convey to the committee shortly what the present situation is, as I believe it to be with the information I have at hand. I trust the committee will bear with me while I briefly review the work with respect to unemployment and farm relief since the first legislation of 1930. The first legislation became effective in 1930, and the total amount that has been spent up to date through the agency of the federal government, the provincial governments and the municipalities, is approximately $150,000,000. This, of course, is the combined expenditure of the dominion, the provinces and the municipalities.

The total amount contributed by the Dominion government in respect to this sum is a little over $48,000,000. The separation of the figures pertaining to the provinces and the municipalities is not at the moment complete. In some cases the division between the provinces and the municipalities is based on the cost of labour only, and until accounts are received it is not possible to arrive at the exact figure. However, the total contribution of the municipalities and the provinces to the total expenditure of approximately $150,000,000, is slightly over $100,000,000.

In connection with the work carried out up to March 31, I may say that in a measure this is reflected in the report of the director of unemployment relief tabled some weeks

ago. In bringing this report up to date, it is shown that employment has been given to 741,465 different individuals. Of course, this is for varying periods of time. Of that number, 404,823 have been given employment since September, 1931, and 336,642 were given employment under the legislation of 1930. Under the 1930 act 7,500,000 man-days of work were provided, and to March 31, under the 1931-32 act, approximately 10,000,000 man-days, a total of about 17,500,000. The average wage paid would not be very informative as the rates vary from those paid to labourers in remote rural districts to those paid to skilled mechanics in the industrial centres.

In addition to the expenditures made for public works, as previously referred to, the Dominion government has contributed to direct relief under the 1930 and 1931-32 legislation. The basis of contribution has been that the Dominion government pays one-third of the municipal expenditures, the provinces also paying one-third. In connection with unorganized districts where the provinces had to bear the full load, the Dominion government pays 50 per cent and the provinces the balance. This statement may be qualified with respect to those areas commonly known as the dried out or drought areas in southern Saskatchewan, which were dealt with on a different basis. The contribution of the federal government for direct relief under the 1930 act was $3,475,972; the total expenditure by the municipalities and provinces was in the neighbourhood—this figure is only approximate, but I believe it is fairly correct—of $10,000,000. Under the 1931-32 act the dominion has paid out in direct relief a total of $3,146,738. This is the dominion's contribution to date in respect of direct relief to a total expenditure which probably amounts to—again this figure is approximate, but I believe it is fairly accurate—$12,000,000. This does not include the amounts advanced to the Saskatchewan relief commission.

The accounts do not reach the federal government immediately after the expenditures have been incurred, and the total expenditure for direct relief made by the provinces and the municipalities can only be estimated at the moment. Accounts are being received daily and it can be readily understood that each succeeding day shows a change in the total. The setup of the relief commission in Saskatchewan is purely a provincial one and to enable the commission to carry on funds have been supplied to the province by way of loans from the Dominion government. In those areas that have suffered a three year successive crop failure and representing over 76 municipalities, the Dominion government has disbursed 100 per cent of the relief. In those areas where the conditions were not so acute and the situation not so difficult, the Dominion government has contributed 50 per cent. The accounts of the Saskatchewan relief commission are being audited, but the report for the month ending March 31 indicates that the total expenditures by the relief commission to that date totalled approximately $8,745,822.80. Relief has been given to 55,374 heads of families who had 249,183 dependents. Glancing at these figures hon. members can readily understand the magnitude of the work and the task which confronted those charged with the administration of relief in those areas. In addition there were individual cases numbering 278, so that the total number given relief through the Saskatchewan relief commission was 304,835. Up to March 31, the expenditures of the commission include approximately $500,000 for seed grain, but the April accounts will presumably indicate a further and larger expenditure in this connection. I believe the advances for seed grain—I can readily confirm this through the Department of Finance—have been $4,000,000.

The matter has been fairly well discussed in this chamber and I feel sure that hon. members are aware of the difficulties which confronted the provinces with respect to discharging their external obligations. Without assistance from the federal government, the provinces were unable to take care of loans falling due. In addition to loans made to the provinces in respect of their external obligations, further loans were made to enable them to pay their share of the relief contributions, above referred to, and in addition the Dominion government also advanced its agreed-upon contribution, crediting to these loans and advances the accounts as they were received and audited.

When a province—this refers to the western provinces—found itself unable, under the terms of the agreement entered into, to contribute its share of the moneys for relief and employment, the Dominion government advanced to such province not only the percentage which we had contracted with the province to pay, but also the province's portion of the contribution, taking as security provincial treasury bills which bore a rate of interest which equated the interest the dominion had to pay. I believe the rate was 4½ per cent. Loans and advances were thus made to five provinces—British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The Ontario advance was really not an advance for any considerable duration, covering only a few days while accounts were being adjusted. The standing of the loans

and advances at the present time is as follows:

The total loans and advances made to the provinces aggregate $43,418,499.87. To Ontario there was advanced $2,500,000. This total sum has been retired by accounts credited to the advance. The advance stood for only a few days, and was made pending federal payments which were then under way and pending the auditing of the accounts.

To Manitoba there was advanced $5,594,-314.67, against which there has been credited $1,198,064.48, leaving the present outstanding balance of Manitoba's loan $4,396,250.19.

The total advance for Saskatchewan was $12,534,934.12, against which accounts credited amount to $1,100,592.66, leaving a balance of $11,434,341.46. In addition to this $12,534,-934.12 there has been advanced to the Saskatchewan Relief Commission, including the $4,000,000 which was advanced recently for seed grain, $9,250,000.

Sir EUGENE FISET: Is the total advance for Saskatchewan, including the relief commission, $21,000,000?

Mr. GORDON: Approximately so. That includes the amount which the Dominion government is committed to advance to the province under the agreement.

The total advances to Alberta were $6,142,-586.39, against which accounts have been credited amounting to $1,044,845.95, leaving a balance of $5,097,740.44.

The total advances to British Columbia were $7,396,664.69, against which accounts have been credited to date amounting to $1,971,040.81, leaving a balance of $5,425,623.88.

From day to day, as hon. members know, as the accounts come in for payment and are approved in the office of the director of unemployment relief, the appropriate recommendation to council is made and I have endeavoured to lay on the table of the house daily the orders in council subsequently passed.

Mr. HEAPS: As of what date are the figures which have just been given by the minister to the committee?

Mr. GORDON: They are as nearly as possible up to date.

I am not going to burden the members of the committee with any discussion following the remarks made by the right hon. leader of the opposition with respect to whether or not by following the course which this government is presently adopting we are torturing the constitution or straining the sections of the British North America Act. I listened with a great deal of interest to the discussions which took place on this question when a similar resolution was before the house some time ago. I listened with interest because, as hon. members know, I have been for many years engaged in the practice of the legal profession, and I will not say by any means that the observations made by many members of this chamber on that question were not helpful and interesting; but I think we are beyond and past that at the moment. Whether or not the government was right then or whether or not the government is right now in connection with the constitutional aspect of the case, we have committed ourselves to this course, and by the success or failure of the efforts that we make we shall have to be judged.

I am not going into any laboured argument with respect to the method that should or should or should not be employed in order that on the one hand the greatest opportunity to work may be afforded to those who have an earnest desire to go to work, or on the other hand as to what this government in conjunction with the provinces and municipalities should do in order to afford relief to those who by reason of misadventure caused through present conditions find themselves in want and lacking the necessities of life. Under the agreements which were entered into with the provinces last year we approved the suggestions of the provinces with respect to supplying work throughout Canada through the medium of building necessary public buildings, to the extent sometimes of probably anticipating future needs, and in some cases, I will have to admit, future needs for some years to come. That was a huge undertaking, as hon. members will readily understand. Many of the municipalities, hundreds and thousands of them, although I have not the exact number at the moment, availed themselves of the opportunity to participate under those dominion-provincial agreements, and very large undertakings were started, jointly financed by the municipalities, the provinces and the dominion, pursuant to the terms of the agreements which are set out in the report as tabled. As time went on it became apparent that many municipalities and provinces in their programs of works were very likely to imperil their financial stability by reason of the works outlined. Some months ago I was quite anxious about that situation, and from time to time I had occasion to have interviews with the representatives of the various provinces in respect to it. Then this spring, as the minister in charge, I communicated with the premiers of the various provinces ask-

ing them to come to Ottawa to exchange views—they to give advice to this government and we to give advice to them—as to what methods should be employed in order that the greatest good could be accomplished with the least possible expenditure of money and casting the least possible burden upon the municipalities, the provinces and the dominion.

On April 8 the provincial premiers came to Ottawa, and on what remained of that day and throughout the following day the whole situation was considered with a view to checking up on the work accomplished and to formulate a course for the future. I think I am stating it fairly when I say the premiers and those representing the provinces were unanimous in the decision that the provinces and the municipalities within those provinces were financially unable for any length of time to carry on the program of public works projected, or to carry out the scheme formulated since the last session of parliament. Further, it was the opinion of provincial representatives and myself that there had been started public works, a portion of the cost of which would become a charge upon the municipalities and provinces, which probably should be discontinued, because the municipalities and provinces, and probably the dominion, would not be able to continue them.

Then we considered what could be done for those who would be destitute. Using the term "destitute" I refer to those who would become so if some opportunity for employment was not afforded, or if they did not find work themselves during a time when works might be discontinued. That situation was discussed at great length. At this point I should like to make an observation for the benefit of those who have the interest of labour at heart—and I believe that applies to all hon. members. Speaking to those hon. members who have given particular care and study to labour matters, I suggest that they do not harbour any feeling of anxiety with respect to the course which, with the exception of a few details, was agreed upon; I do not want them to think that the standards of living and of wage scales in this country are liable to be imperilled or endangered by reason of wages, or so-called wages—subsistence I call it—which may be paid to those who are out of employment and must be kept from destitution. In my view there is a vast difference between standards of living and wage scales, and relief to those who are suffering. I do not think there is any man in the Labour group who will not agree with me in that distinction.

The provinces proposed that wherever possible they should set up camps where work could be done, where men would not be left idle, places where requirements of food and other necessities would be given, and some amount of cash subsistence advanced by the dominion and the provinces. The number of men who would have to take advantage of such an arrangement is not capable of any accurate or nearly accurate determination. The provinces believe, however,—and I am not in disagreement with them,—that that is a course which might well now be followed. There are camps in the northern and near northern parts of Ontario where work is being carried on, where single men need have no fear that they will starve through lack of employment. Care can be taken of such men in those camps. Relief in the cities will be a subject of agreements to be made with the various provinces, if the legislation founded upon this resolution receives the favourable consideration of the house.

The hon. member for Winnipeg North Centre (Mr. Woodsworth) has spoken about the possibility of placing people upon the land. After listening to the conflicting viewpoints expressed in this chamber by those hon. members who know something about farming I am at a loss to know whether to-day a man should be on a farm or in a city. The majority of views as expressed would seem to indicate that no matter where a man may be, whether he be on a farm or in a city, in Canada or anywhere else in the world, he is in a very bad way.

Mr. MARCIL: On a farm he could grow something.

Mr. GORDON: Yes. I am not persuaded that there is no opportunity on the farms of Canada for those who are experienced in farm work, probably they would not make a fortune, but they would make something. In that connection, I noticed an editorial in the Toronto Globe which dealt with fortunes—a report of a meeting in the city of Hamilton addressed by the hon. member for Vancouver Centre (Mr. Mackenzie) in which he said that members of this government were all millionaires. That is a great compliment to myself. I know that in the years gone by probably it could be truthfully said that I was not a man without some wealth; at the present time I am afraid I would have to be described otherwise. But I have comfort in the thought that the only fortune worth anything to anybody is the fortune that you have spent.

Some hon. MEMBERS: Hear, hear.

Mr. GORDON: A question was asked by the hon. member for Winnipeg North Centre with respect to giving persons with agricultural experience and a desire to go back upon the land an opportunity through the medium of legislation, which I trust will be favourably received by this chamber, and which has been under consideration, I think, by members of all stripes of political opinion. I can only repeat what I said a few days ago when the immigration estimates were before the house, that having reviewed the efforts of the past with respect to state-aided colonization, I am not at all persuaded that any such scheme should be entered into by the federal government. There are various reasons I could advance why I think that sort of scheme is unsound. I may be pardoned if I refer to the constitution again. Placing people upon the land within a province is peculiarly something for the province itself to attend to. I think there need be no argument about that. The reason why the Dominion government embarked upon the scheme of soldier settlement is well known to all members. I will not condemn that scheme in its entirety; no one could; but there were many cases, I am afraid, where those who went upon the land had not the agricultural experience nor any real desire to do so—if they could identify the desire by reason of their past. That in a measure spelled their ultimate misfortune, and perhaps resulted in their agreements being rescinded. Then again, as I have said before in this chamber, I believe that if a person starts in on any piece of land where the element of speculation is in large measure reduced to a minimum, and does so for the primary purpose of being able to make a livelihood, if he is saddled with any considerable debt that very debt will spell his ultimate disaster. Because I do not think, taking year in and year out, there is any very considerable number of farmers who combine the capacity to operate a farm successfully with that knowledge of finance which will enable them to discharge any considerable debt from the products of their farms. But I do think there are many people in Canada who have been brought up on the farm—and I am sure everyone recognizes this—who went to the industrial centres attracted by the high wages prevailing in recent years; and there is another class, the sons and daughters of farmers who as they grew up finding there was not room for them on one homestead drifted into the cities. I have concluded from the great number of communications I have received from all parts of Canada that there is such a class of people to-day who would gladly go back to a farm. They have no money and are depending upon direct relief, either through the agency of the city in which they live, through provincial governments, through this government, or through all three combined, or through their church or some benevolent society. When I say "go back to a farm" that is probably a misnomer. If we think it over carefully we may conclude that the better expression would be "go forward to a farm," because I think that probably when the last analysis is made if Canada is to survive—and I am just as confident as I am standing here that Canada will survive—in large measure it will be by reason, as was said in this house some years ago, of the products of the first six inches of her soil.

Mr. NEILL: In connection with the minister's remarks, I notice the front page of the morning's papers carries an announcement of a scheme favoured by himself to enable families to go on the land. Is that some misunderstanding?

Mr. GORDON: I am just coming to it. I have had this question up a number of times during the past year. Our efforts, such as they were, were not devoted to dangling a loan or a gratuity before people to induce them to go forward to the land, but rather to place before people who had gone to the towns and the cities—people who had formerly been on the land and still had some money, but were out of employment and saw their little fund dwindling in rent and other expenses that are associated with urban life, and in whose family circle there was a desire to preserve what they had and reestablish themselves—I say our efforts were directed to placing before those people the desirability of returning to the land. That is what the colonization branch of the department has devoted itself to up to the present time. I do not want to boast about these things, because it is only one's duty to do the best one can, but if through good luck one happens to have some measure of success perhaps he may be pardoned for mentioning it in the process of spreading upon the record the facts with regard to the question of unemployment generally. The forces at work did meet with a measure of success. I believe, at least to a large measure, we have exhausted that class of people, but there is the other class who know how to farm, who want to go back to the farm and who are on direct relief. The government have concluded that instead of devoting our

share of direct relief to that class of people we will meet the proposals of such of the provinces as care to enter into that scheme, and we are ready to enter into an agreement with those provinces on terms such as may be agreed upon. I trust that this legislation will not be too long delayed, though I do not say that for the purpose of trying to restrict discussion, because I would like very much to have the views of hon. members on all angles of this subject. If the provinces still think this a sound proposal, the government is ready to devote what would be its share of direct relief to a fund to be set up by the municipality affected—and this has been the proposal from some of the provinces—and contributed to by the province and any other agency that cares to take an interest in solving this problem of unemployment. I think in doing this we will not be embarking upon any unsound principle.

Mr. POWER: Before the minister leaves that point I should like to ask a question. Is it the intention of the government simply to take the money which would be devoted to direct relief, we will say $3 or $4 or $5 a week, as the case may be, and instead of giving that to the man if he remains in the city, give it to him if he goes on the land? Is that what the settlement scheme amounts to?

Mr. GORDON: I was going to say that the details and the agreements that are in contemplation have not been worked out. The western provinces have submitted varying proposals, all along the same line. My own view, whether or not the provinces agree with me—and as hon. gentlemen know conditions differ in various provinces—is that this government might well capitalize, for some period in the future, the sum of money which we feel we will be obliged to pay for direct relief, and make that fund available together with the funds the province and municipality affected may be able to subscribe in order that the family may be placed upon some available land. Of necessity the provinces will have to undertake the administration of such a scheme, and I believe they are very willing to do so, but great care will have to be observed to see that wherever possible the lands upon which those people go are crown lands, so that the fund available will not be exhausted by having to purchase land from someone else. I can well imagine that if we start out with a plan under which these funds would be hung up, then there would be at least one class in Canada who would not be ranked among the unemployed; they would be the real estate agents. That will have to be avoided.

Mr. POWER: If I correctly understand the suggestion of the minister it is this, that to those who wish to go on the land there will be given a lump sum, we will say the relief for ten, twelve, fifteen or twenty weeks capitalized, with which it is proposed they shall buy whatever may be necessary in the way of implements or live stock, or perhaps that they shall pay their transportation expenses to the land, but in addition I suppose the minister believes that he will have to continue paying relief to these families after they get on the land until such time as they obtain a crop, so those who go on the land will receive a good deal more than those who stay in the cities. Is that the proposal?

Mr. GORDON: I would scarcely subscribe to that; the provincial premiers with whom I have had occasion to discuss the matter did not think so. For instance, in the province of Manitoba they believe that with a fund of $600, contributed from the three sources, a family can get along. Of course the lump sum would not be given to a man going out on the farm; that would be absurd. The proposal is that each province should administer such funds under commissions set up by the separate governments. I may say that in discussing the question of administering relief by commissions the premiers of the provinces concluded, with great unanimity, that under the provincial machinery already at hand they could administer the funds perhaps better than by a commission set up for the purpose, because the advice of such men as might be appointed to these commissions is always available. So far as this government is concerned I have heard—and I presume other members have heard also—that these relief funds are being used in this or that province, which may be under a Liberal or Conservative or Progressive government, for the benefit of the supporters of that government and to the exclusion of those who are not of the same political faith. I may tell hon. members of this chamber that I will need a lot of convincing before I will believe that at a time like this there is a single premier of any province of this country who would turn aside a worthy, needy, destitute person because of his political persuasion, his religion or anything else. I do not believe it.

Mr. POWER: But what about the definite engagement entered into between the federal government as represented by the minister

and the government of the province of Quebec, wherein it is laid down that the work shall be divided fifty-fifty on a political basis? The minister knows that on certain road work in the province of Quebec it was understood between the representatives of the federal government and the representatives of the provincial government that where the federal government supplied fifty per cent of the funds there should be fifty per cent Conservatives employed. This is a new kind of non-partisan arrangement. I have been told, and I have every reason to believe it to be true, that in the Lake St. John district, where they were constructing a portion of the trans-Canada highway, they had to build two wings to the camp, a wing for the Conservatives and a wing for the Liberals. The inspectors appointed by the federal government were appointed to see that the Conservatives got fifty per cent of the work and supplied fifty per cent of the material. More than that, they had to have two foremen, one Liberal and one Conservative; two timekeepers, two chore boys and two cooks, for fear that the good Tory workmen would have to eat Liberal pork and beans. I think the minister knows that; I am not stating this by way of criticism, but I understand it is a fact. I have some files here to show that federal inspectors have written to certain municipalities to tell them that they understand that up to the present seventy-five per cent Liberals have been employed, and that now the municipalities will have to turn around and employ seventy-five per cent Tories in order to make up for the surplus of Liberals employed before. That seems to me to be supremely ridiculous. I think I can show official letters to that effect. It is ridiculous when we are dealing with matters of unemployment. I am not bringing this up in any offensive sense.

Mr. JACOBS: Surely that is not in writing; it must be a gentleman's agreement.

Mr. POWER: It was well understood; I do not think there is any doubt about it. The minister will admit that this was one of the conditions laid down with the province of Quebec last autumn, when that province received assistance in building the transcontinental highway, that fifty per cent of the material and fifty per cent of the labour should be supplied by the Conservatives and fifty per cent by the Liberals.

Mr. JACOBS: Was that agreed to by Mr. Taschereau? Was he a party to it?

Mr. POWER: Certainly; Premier Taschereau had no objection. He was getting fifty per cent from the federal government and he said, "If that is the condition under which you want us to carry on, well and good."

An hon. MEMBER: Was it his stipulation?

Mr. POWER: I understood the stipulation came from the other side of the house. Up to that time these works had been carried on by the provincial government, and in that province there has not been much question about fifty per cent Tories; we were not bothered with political questions at all. It was only when the federal government decided to grant some money that they thought they were entitled to a share. I was told of a municipality in Gaspé where a $2,000 grant was made to the municipality. The federal inspector said, "How many persons are employed here?" They replied, "One hundred." He said then, "How many Tories?" and they told him there were only ten Tories unemployed in the whole village. He then said, "That is too bad, but you will have to fire the ninety Liberals and bring me ninety Tories from some other parish and we will do that until such time as the money is exhausted." Now, we hear endless stories of that kind, and I sincerely hope that under the new scheme that sort of thing will not happen again.

Mr. WOODSWORTH: What about the Labour party or the Farmer party?

Mr. POWER: That is another difficulty. I am not talking about the Farmer party. The difficulty is that the well to do farmers worked on unemployment relief while unfortunate labourers in the village did not get any jobs at all.

Mr. ELLIOTT: Have you well to do farmers down there?

Mr. POWER: We had up to a year or so ago.

Mr. NEILL: If the fifty-fifty scheme could be extended to British Columbia, it would at least be better than last year's methods.

Mr. POWER: In the villages in our province there are a large number of rentiers; usually they take up residence in the village after they have retired from farming. They are retired farmers who have considerable money, or at least suffiicent money to live on. We also have the wealthy class of farmers immediately surrounding the villages and who to a large extent are the political leaders on one side or the other. When these unemployment relief moneys came to be dis-

tributed, the first to benefit were the rentiers. who, it is true, are unemployed, not having worked for years, because, as I say, they are retired farmers. They were the first unemployed who got jobs; and under the system that was in vogue the second group to get employment were naturally the political leaders of both parties. If the Liberals had fifty per cent of the work, they naturally thought, knowing the generosity of their Conservative friends, that the Conservatives would look after the poor unfortunates who had no jobs, and accordingly they took their most important men and, to get political kudos, gave them jobs. Unfortunately the Conservatives, I imagine, followed the same line of action. The result was that the labourers, the poor people in the villages, got no work, while the wealthy, important people, prominent from the political standpoint, got all the work. That should be corrected, and I do not know how we are going to overcome such a situation so long as we follow what I might call the bipartisan principle. After all, political parties are made up of human beings like anyone else, and they will naturally, if they are not charged with the direct responsibility of looking after unemployment, do what they can to help themselves. I commend that thought to the minister's consideration.

Mr. GORDON: I have no doubt that in the administration of a fund like this there will be some abuses in some sections of each province. These abuses will crop up and it is very difficult to administer such a statute as this without having such things arise. I know of my own personal knowledge of a number of individual cases where men who did not need employment registered as unemployed. It happened to be in a town in the older part of Ontario with which I was pretty well acquainted, and I inquired about these men who had registered. To my certain knowledge they had been unemployed for ten or fifteen years; they were living on their income. Nevertheless they were unemployed. They registered but they did not get employment. I do not know whether it was a desire to be thrifty that inspired them to overlook the fact that there were other people, without any income and without employment, whom it was intended to assist. I do not think I am overestimating it when I say that there are tens of thousands registered as unemployed who really, in the sense of being unemployed as we understand it, are certainly not unemployed. They are not without work in that sense, they are not destitute, and they are not at all in the position of those whom it is intended to help. With respect to what the hon. member for Quebec South has said, I do not know of any agreement with the province of Quebec regarding the supervision of work. There might have been some written agreement, but if there was an agreement, either written or verbal—

Mr. POWER: I do not know whether it is written or verbal.

Mr. GORDON: I suppose the premier or the government of Quebec agreed to the plan. Personally I can only reaffirm what I said before. I cannot be persuaded that the premier of any province in this country is going to deny to any needy, worthy and destitute person, the benefits which may flow from the legislation of that province or of this government. I may be quite unsophisticated, not having been in politics very long and being a newcomer to this chamber. For that reason I may not quite appreciate the refinements—and I use that word advisedly—of political life. But so long as I can, I should like to believe that those who administer the public affairs of this country and of the provinces, regardless of political complexion, will adopt no attitude that would be unfair, indeed cruel, to those who are entitled to help from this government, from the provinces or from the municipalities.

Mr. WOODSWORTH: I think the committee is entitled to know whether there is an actual arrangement along the lines indicated by the hon. member for Quebec South. The minister is in charge of the department and he ought to know whether there is such an arrangement.

Mr. GORDON: I will give the hon. member the benefit of all I do know about it, and it is this. In the working out of the legislation in each province it was considered advisable in the opinion of the government and in the opinion of the provinces that some representative of the federal government should be appointed to survey the work going on and the method employed in connection with the funds being contributed, not only by this government but by others. Reports are made almost daily as to the conditions prevailing in different localities and as to the way the work is being carried on. I shall be glad to look up this information before this debate is closed and give detailed information to the hon. member with respect to whether or not there exists such an agreement as has been suggested.

Mr. MARCIL: I had the pleasure some time ago of sending to the minister a copy

of a resolution passed by the county council of my constituency asking for an extension of time to carry on works authorized by this and the provincial governments. These works have not been proceeded with owing to climatic conditions and it will not be possible to proceed with their completion until May or perhaps June. I should like to know what consideration has been given to this request and whether or not everything is to be dropped on May 1? I might add that the county council represents all the municipalities in the county.

Mr. GORDON: I was just coming to the point raised by the hon. member. At the conference held on April 9 with the provincial premiers and where, as I have said, there was a degree of unanimity as to the course to be pursued with respect to works which were under way or to be dropped, a conclusion was reached which was reflected in a telegram despatched to the premiers of the provinces. Perhaps I should read this telegram in order that it may go upon record. It reads:

Referring to clause 13 of agreement between Dominion and province providing that all works shall be completed not later than first day of May, 1932, would inform you with regard to extensions of time beyond this date as follows:

Firstly, the time for concluding all works presently under way and not capable of being finished before first of May next may be extended to permit of such works being finished provided that such works are, in the opinion of the provincial and federal governments, of such a kind and character that the stopping of same would cause loss by reason of their non-completion, for example in the case of buildings, sewers and works of like character;

Secondly, where contractual undischarged obligations under entire contracts exist, the time for completing such works in order to fulfil such contracts and discharge such obligations may be extended;

Thirdly, works, such as roadwork, will be discontinued on the present basis and following your expression of view at recent conference between provinces and Dominion, the Dominion agrees to your proposal to contribute under agreements to be hereinafter entered into, toward direct relief and subsistence.

That statement is founded upon the assumption that this house will agree in the legislation presently to be brought down.

Would request you forward list of schedules recommended for extension soon as possible with dates to which extension is desired so that same may be considered and formal approval given such as approved.

At the time of the conference the premier of Quebec suggested that his province would grant assistance towards the carrying out of the ideas contained in the telegram I have just read, and stated that he would have a representative from his province come to Ottawa in order that we might have the benefit of his guidance and advice. On the day before this telegram was despatched, I addressed the following letter to the premier of Quebec:

You will recall that when we had the conference with the various provincial representatives you suggested that in order to minimize as far as possible the carrying on of works under the present program passed the end of this month, you would send a representative of your government to Ottawa to cooperate with the officials of my department in order to detail what works should be completed and what works could be abandoned.

I have given this matter some thought since the conference and I am persuaded that your suggestion is a good one. I would be pleased, therefore, if you would send a representative of your government who could check over works presently in hand in the province of Quebec with the officials of my department so that we may have the benefit of your representative's advice as to what works must be concluded, and what works may be set aside.

Under date of April 23 I received the following answer both to my telegram and letter:

I duly received your telegram of the 21st and your letter of the 20th instant, and beg to confirm the telegram which I sent you this morning, and which reads as follows:

"Letter and telegram received. We approve of general plan as outlined by you. Writing."

I think that your plan, as detailed in your letter, is on the lines which were discussed at the late conference. We are having prepared a list of the works actually commenced in our province and, as soon as completed, early next week, a representative of our province will go to Ottawa to discuss that matter with your officers.

Yours sincerely,
L. A. Taschereau.

The hon. member for Bonaventure (Mr. Marcil) can see the course which has been outlined. Of course, I am not acquainted with the situation in the hon. member's constituency to which he refers, but I have no doubt that the provincial government is well acquainted with this situation and that it can be taken up with and satisfactorily disposed of by the officers of my department and the official from Quebec.

Mr. MARCIL: Will the minister be kind enough to bring down a copy of the list in connection with Quebec?

Mr. GORDON: I shall be very glad to show the hon. member the list.

Mr. YOUNG: The minister referred to the willingness of the government to contribute to a fund which any province might be willing to raise for the purpose of restoring ex-

farmers to the land. The resolution states that the government shall have power to loan money to any province for any purpose whatsoever. Are we to understand that the government can loan money to a province in order to establish a man on the land and then make its own contribution?

Mr. GORDON: This government would not loan money to a province in order to enable it to pay its share unless the province, like some of the western provinces, found itself to be in such a position financially, as to be unable to pay its share. If agreements can be made with the provinces, we are prepared to capitalize for a period ahead. As I said, one of the provinces has suggested that the fund should not be less than, I think, $400; another has suggested $500 and another, $600. They were very modest amounts. In the case of a family on direct relief, a family selected I trust by a body of people who understand something about farming and who will prepare a list free of poor selections, we will capitalize ahead the sum we feel we would have to pay as a contribution for direct relief, and the dominion, the province and the municipality affected will contribute in equal parts. That is the present scheme, although it has not been reduced to writing with any of the provinces. The whole sum would not be given to the individual but advanced to him as he gets settled on the land, and everyone who is able to become self-supporting in that way will at least be off the unemployment shelf for a time and will be able to take care of himself and his family. Some of them may not stay there, but undoubtedly some will. Others, when times get better, and I hope that that will not be too long delayed, will no doubt be attracted back to industry in the cities where they formerly received good wages. That in general is what I have in mind, and that is the substance of the communications which I have made to the various western provinces particularly, in answer to the proposition put forward.

Mr. YOUNG: That does not answer the question. The question is, will this government be willing, in addition to advancing the three or four or five hundred dollars, as the case may be, to advance to the province its share of the undertaking?

Mr. GORDON: A loan to the province?

Mr. YOUNG: A loan to the province to be advanced to the settlers.

[Mr. Young.]

Mr. GORDON: If the province enters into an agreement such as I have indicated, and finds that by reason of the paucity of money in the province it is not able to advance its share, then the question of a loan to the province—I presume the hon. member has in mind a loan on the security of treasury bills or some other satisfactory security—would have to be taken into consideration. Speaking at the moment for myself only—I cannot speak for the government—I would say that this government would loan the province its share of the contribution, but I imagine that that matter will be referred to in the bill.

Mr. YOUNG: And would you advance to municipalities also which are unable to carry one-third of the cost?

Mr. GORDON: No. The municipalities are the creature of the province, as the hon. member knows, and we do not deal with them. It would be hopeless if we started in to do that.

Mr. HEAPS: There is one matter which the minister has not referred to, and upon which I should like some information. It is as to the amount of the responsibility which the federal government will assume in the matter of direct relief which is granted by the provinces and the municipalities to the individual. At the present time I believe that the federal government assumes one-third of the cost. I wonder if the minister could inform the house whether the government has undertaken to assume a larger share of the financial burden, thereby helping both the provinces and the municipalities.

Mr. GORDON: The agreements have not been changed.

Mr. HEAPS: Is it the intention of the government to assume only one-third of the cost of direct relief as they have been doing up to now?

Mr. GORDON: Perhaps the hon. member has not noticed the memoranda drawn from the agreements already entered into, as set out in the report of the director of unemployment relief, in which is given the percentages of direct relief which the Dominion government has heretofore been bearing. I presume that the hon. member is particularly concerned with the province of Manitoba, in the unorganized parts of which the federal government has contributed fifty per cent; but no change has been made from the agreements as set out in the report of the director of unemployment relief. There has been no con-

clusion arrived at as between any province and the Dominion government with respect to any change in the proportion which the Dominion government will assume in the matter of direct relief.

Mr. HEAPS: This is a question of very great importance to many other parts of this dominion as well as Manitoba. The amounts given out in relief by some of the municipalities in the west have become so enormous that it is almost impossible for many of the municipalities to carry the burden. I had hoped that under present conditions this government would assume a much larger share of that cost of relief than evidently, according to the statement just made by the minister, they are willing to do. I hope that the decision of the minister is by no means final and that the government will in the very near future announce to the country at large that they are willing to assume a much larger share of the cost of direct relief than they have been doing up to the present time. According to the plans which have been communicated to the committee by the minister, it is evidently the intention of this government as well as of the provinces to discontinue completely capital expenditures on public works of any kind, and instead there is going to be resort to a policy of direct relief for those who find themselves without work and without the means of subsistence. The cost therefore of relief for the ensuing year is going to be considerably less than it has been in the past year, and if such is the case, in view of the fianacial position of many of the provinces throughout Canada, will not the federal government agree to assume a much larger share of the cost of direct relief than they have been bearing up to the present?

Mr. DUPUIS: I rise to support the remarks of the hon. member (Mr. Heaps) in asking the federal government to assume a larger share of the cost of direct relief. In my own constituency, the municipality of Delson is composed largely of working men engaged in the brick industry. At the present time owing to the fact that there is hardly any construction work being done in the large cities like Montreal, some of the brick yards in Delson and Laprairie will not open this summer. They hardly opened last year. By now from 250 to 350 heads of families are out of work in these villages. They comprise practically the majority of the people in the village of Delson. The municipality derives its revenue from taxes imposed on these working men, and at the present time the municipal council is unable to provide one-third of the cost of direct relief. It will not be able to meet its obligations, and so I think it is the duty of the government, provincial or federal, to come to its rescue. I presume there are many other municipalities throughout the dominion in a similar position.

Speaking for the farmers, I would ask the minister if there will be any provision in the bill to help not simply the born farmers now living in the city, but the farmers at present on the land, many of whom are on the verge of bankruptcy. Owing to the fact that they cannot sell their products they have no revenue; many of them have mortgages on their land, and creditors are forcing payments. The result is that many farmers are facing obligations they will not be able to meet, and many are sold out by the sheriff and thrown on the street. In my view the first obligation of either the provincial or the federal government is to help the farmers now on the land and guarantee their present obligations. There has been some discussion and expression of opinion in connection with a moratorium in favour of the farmers. I do not wish to discuss the merits of that proposal, so far as obligations are concerned, but I think it is the duty of the government to help them. There are many hundreds, yes, thousands of farmers who cannot meet their obligations owing to the present crisis, and it is the first duty of the government to come to their aid. What is the use of bringing farmers from the cities if we do not help those actually engaged in farming who are in need of assistance?

I should like to revert to a remark made by the hon. member for Quebec South (Mr. Power), that there had been some abuses of relief measures by those who were not in need of assistance, and that in consequence some who were really unemployed and without means had to suffer. I should like to call the attention of the minister to my remarks during the special session of 1930. At that time the matter of unemployment was under discussion, and the government was asked to define the word "unemployed." If the hon. member for Bow River (Mr. Garland) were in the house he would recall that before I spoke he begged the government to define that word. My remarks on that occasion were as follows:

> It will soon be found that some of the unemployed have other resources and that a certain proportion of them will not be needy, and then it will not be necessary for this government or any other body to help. Consequently I think the hon. member for Bow River was right in suggesting that there should be a clause defining the word "unemployed," . . .

I continued as follows:

As one hon. member remarked this afternoon, surely the agricultural class contains some who are badly in need of help and are just as deserving as . . .

—any other class in the community. The Minister of Labour admitted, after the remark by the hon. member for Quebec South, that there had been some abuses. Due to what? Due to the fact that the word "unemployed" was not defined. I think it is the duty of the government to define that word and to come to the rescue of only those who are in actual need, not only among the workingmen but among the farmers.

Mr. MITCHELL: Remarks of hon. gentlemen have dealt particularly with the provision of food for the unemployed. In connection with relief, however, there is another problem of great importance, namely that of rent. In the municipality from which I come relief is costing $10,000 per week. That applies only to married men and their families, and does not include single men. The provision of work carries with it also a psychological factor, namely that the unemployed have something to look forward to. I am inclined to agree with the hon. member for North Winnipeg that it will be necessary to increase the proportion paid by the federal government to the provinces and municipalities. If unemployment conditions are not improved the government will have a very serious situation on its hands. People cannot be turned out on the street; they have to be taken care of. From my own practical experience I would say that the fact that roofs have been put over the heads of the unemployed, and that they have been given some work to do has gone far to keep the situation in hand.

Some comments have been made in connection with sending men into the camps of northern Ontario. If in the present year no more are sent than were sent last winter, the government will be touching only the fringe of the problem.

Mr. GORDON: How many were sent?

Mr. MITCHELL: I do not know, but I know the effect.

Mr. GORDON: I am told over 40,000 were sent.

Mr. MITCHELL: There were only 200 or 300 from Hamilton. I was in the council at the time, and very close to the situation, although I cannot give the exact figures. The matter of unemployment overshadows every other problem confronting this government and parliament.

[Mr. Dupuis.]

As I explained a few days ago, some credit should be given to the mayors and councillors of municipalities for the able manner in which they have handled the situation. Whether we like it or not we have to assume the responsibility of taking care of the unemployed and keeping them housed. I could say a great deal more, but I shall not take further time.

Mr. ELLIOTT: Is it the minister's intention to depart from the policy adopted last year of having part of the public works done under the heading of unemployment relief? I take it from the remarks of the minister he is not aware at the present time whether or not the same policy is to be followed. I find in the report of the Dominion Director of Unemployment Relief certain expenditures under the Unemployment and Farm Relief Act of 1931 on behalf of the Department of Public Works. Is it the intention of the government to extend relief under similar circumstances in the coming year?

Mr. GORDON: At the moment no program of public works has been agreed upon with the Department of Public Works. I assume—I do not want this to be taken as the last word because I have not heard it discussed so far as the government is concerned —that the normal program of public works will be carried on. But the policy with respect to the closing out and finishing of works under legislation which becomes inoperative at the end of the month is disclosed in the telegram which I sent to each of the premiers of the various provinces following their own request at the conference on April 9.

Mr. ELLIOTT: Perhaps I can make it simpler for the minister. He no doubt has before him the report of the director of unemployment relief. At page 66 he will see there are a number of items which are clearly public works. They appeared last year under the heading of unemployment and farm relief. Is it the intention to follow a similar policy this year, or has the minister reached the point where he is able to say what will be done?

Mr. GORDON: I am sorry I cannot give any direct answer to the question, but certainly before the legislation comes down I shall be in a position to do so.

Mr. ELLIOTT: Perhaps the minister will be able to answer this question, although he was not minister at the time these estimates were put in. Did these estimates originate with the department of public works, or with

the Department of Labour under which comes unemployment and farm relief?

Mr. STEWART (Leeds): Mr. Chairman, perhaps I can give the hon. gentleman the desired information. After the act was passed a very careful and complete survey of conditions throughout the dominion was made, and the Public Works department was asked to suggest a program of works which it might undertake, calculated to relieve unemployment. In pursuance of that request the chief architect, the chief engineer and the district engineers made reports. Following these reports a schedule was prepared and submitted to council, and an order in council was passed approving the program. Then the works were undertaken so far as circumstances permitted and so far as it appeared necessary to grant relief in particular localities. The scheme had to be looked at as a whole; for instance, in some cities the municipal authorities themselves and the province were carrying on work that very substantially, and in certain instances entirely, took care of relief. In those cases some of the works set out in the schedule for the Public Works department were not proceeded with.

Mr. ELLIOTT: Then I take it that what appears on this page 66 under the heading of unemployment and farm relief covers public works originated by the Public Works department after the public works estimates had been submitted to and passed by the house. Is that correct?

Mr. STEWART (Leeds): They were particularly referred to in the discussion of the bill. It was pointed out at the time that one of the methods by which unemployment could be relieved, was by undertaking purely federal works.

Mr. ELLIOTT: That is exactly the thing against which I protest. These are public works pure and simple which might very well have been put in the department's estimates. When the minister says this afternoon that at a time like this nobody would want to be favouring one political party rather than the other, I take it he believes these works should not be confined to ridings that are represented almost entirely by Conservatives, but that there should be something like a fair distribution. If not that, what does he mean? As I have said before, you will find on an average that these items for harbours and rivers in Ontario—items which this house had no opportunity of passing on—have been allotted to Conservative ridings to an extent six times greater than to Liberal ridings. I feel very jealous of my friend from the province of Quebec who speaks of a fifty-fifty division. If my hon. friend will run his eye down the column on page 66 he will see that of items totalling $216,442 only about $12,000 represent public works in Ontario Liberal ridings. My hon. friend contradicted me when I made that statement before; I have since checked it up. I shall be very glad if he can convince me that a greater amount has been allotted to Liberal ridings. If the minister has not his mind made up now to alter that policy, I would very strongly urge him to alter it for the coming year. These are public works which the members of this house have a right to pass upon, they should not be undertaken in this way, and nobody can justify such a policy, particularly in view of the fact that the report says that relief will be granted without any attention to political affiliations, race or religious views. Nobody can tell me it is purely an accident that the appropriations in ridings represented by government members are six times as great as those in ridings represented by opposition members.

Mr. STEWART (Leeds): When my hon. friend spoke the other evning on this subject he was endeavouring to leave on this house the impression that the Public Works department had started out deliberately to discriminate between expenditures in Liberal and in Conservative constituencies. I told him he was all wrong in that assumption, and I repeat it now. The greatest care was exercised—

Mr. ELLIOTT: If my hon. friend will allow me: On reference to Hansard he will find that I said that in figuring out the relative relief granted, apparently Conservative ridings needed about six times as much relief as ridings represented by Liberals. He said that that was not right. If he goes over these figures I am sure he will be satisfied that I am right.

Mr. STEWART (Leeds): I am endeavouring to combat the impression and the inference to be drawn from my hon. friend's statement, and I want to point out to him that while his figures may be accurate the inference he is seeking to have drawn from them is not sound. Let us consider the province of Ontario, of which my hon. friend is speaking. There are very few constituencies on the waterfront, represented by Liberals, where anything could be done. If my hon. friend starts at the east of the province he will go to Trenton before he finds a constituency represented by a Liberal. Then he will have to go past Toronto and along lake Erie until he gets down to the southwestern part of

the province before he finds another such constituency. In making a survey of the harbours and rivers where works could be done it just happened that the larger number of constituencies where works could be undertaken and were needed were represented by Conservatives. It was not a question of political patronage at all; it was a case of carrying on works that were necessary. I am glad to say that the greater number of constituencies where the work could be done were represented by Conservatives.

Mr. ELLIOTT: Just a word in answer to my hon. friend. I am glad this discussion has taken place, because my hon. friend now states that on checking up the figures—I take this to be the effect of his remarks—he finds that he was labouring under a misapprehension when he contradicted me before.

Mr. STEWART (Leeds): I still contradict the general impression my hon. friend was trying to leave. His general figures may be correct.

Mr. ELLIOTT: My hon. friend forgets that the contradiction was with regard to the figures, and of course a general inference can be arrived at only from the figures. That is the best test. After all, the ridings on lake Erie still are on that lake. Take Elgin, for instance; my hon. friend will not find it in the list.

Mr. STEWART (Leeds): If my hon. friend will look it up he will see that it was very well cared for under the former administration.

Mr. ELLIOTT: I may say that was the fact with practically all ridings in this country under the former administration. The point is this, and I hope the Minister of Labour and the Minister of Public Works will be able to get it: This is not the way to bring down public works estimates. The address by the minister this afternoon is the best evidence I can find that he does not believe these works should be done in this way. Public works should come under the Department of Public Works, and the Minister of Public Works should take responsibility for the estimates and for the manner in which they come down. Here is an item to which we might as well refer while we are on this subject:

Haileybury breakwater and harbour for seaplanes, $67,000.

That was the amount authorized, and $17,809 was the amount expended. I submit that this is not the sort of estimate that should be brought down a month or so after the house rises; I submit this properly should be considered by the house when public works estimates are up for discussion. I do not want to introduce a political element into the discussion, because I quite agree with the minister that this is not a time when matters of that kind should influence the manner in which public moneys are expended, but I do say that you cannot avoid it if you follow the course which was followed last year. I hope we will have from the minister an assurance that he intends to adopt a different course for the coming year.

In regard to unemployment relief, the need for this relief in Canada is not limited to ridings which are on the water. There is not a riding in this country that does not require assistance by way of unemployment relief. At the close of last session hon. members representing the different ridings were told that the government would be glad to receive representations as to what works might be carried on. At that time I directed the attention of the minister to the fact that in a great many inland ridings such as those to which my hon. friend the Minister of Public Works has referred, where you do not have harbours and rivers, one of the things that could be very well done by way of unemployment relief—and I urge this upon the minister now—was the elimination as far as possible of those level crossings which are such a menace to the travelling public in many parts of this country. It is altogether beside the point to say that those ridings which do not happen to be on the water do not require the expenditure of money on public works of some kind at a time like this. No people are going through harder times than the people in many of these inland ridings, and I want to urge strongly upon the minister that something of that kind should be done during the coming year. It will give employment to workmen and teams generally, and if a great many of these sections of the country are to carry on during the coming year work of that kind must be carried on in addition to the usual farm work.

Mr. MacMILLAN (Saskatoon): I want to take this opportunity to congratulate the minister and the government on their forward-looking ideas designed to help people in the cities of Saskatchewan to get out on the land and maintain themselves. I know that representatives of the cities of Regina, Moose Jaw and Saskatoon met during the winter and formulated a plan similar to that outlined by the minister to-day. They went to the provincial government with their scheme; the provincial government lent a hand in that

direction, and I know that the people in my constituency, and I think I can say the same thing for the cities of Regina and Moose Jaw, certainly will greatly appreciate this announcement.

Mr. MOORE (Ontario): May I direct the attention of the Minister of Public Works to a slight political inaccuracy? Trenton happens to be represented in this house by a Conservative and not by a Liberal. The port of Oshawa, however, happens to be represented by a Liberal. On behalf of my constituency may I express my appreciation of the treatment we received last session in connection with public works, but may I also point out that last year again the harbour was congested, as I think the records of the department will show. There is urgent need for further work this year at the port of Oshawa. I should like to direct the attention of the Minister of Labour to a telegram I have just received from the Oshawa Property Owners' Association, which I may say is headed by some of the most prominent men of the city. The telegram reads as follows:

> Large proportion of home holders of Oshawa unable to pay rent, interest or taxes. Situation serious. Something must be done.

Am I correct in advising my constituents that their immediate problem must be dealt with by the provincial and not by the federal government?

Mr. GORDON: I must assure the hon. member that the Dominion government cannot embark on any program which would take care of landlords or municipal taxes generally. I do not think I need assure the hon. member of that.

Sir EUGENE FISET: I wonder if the minister would be kind enough to elaborate a little on the latter part of his statement. I understood him to say that as regards commitments already entered into between the municipal and provincial authorities the time for these works was going to be extended either by common agreement or by order in council, I do not know which. In view of numerous requests I am receiving from my part of the country, I should like to know whether the tripartite agreement between the municipal authorities, the provincial governments and the federal government has absolutely ceased and whether no commitments with respect to the municipalities will be entertained for the future. I am receiving a good many requests from different municipalities at the present time, and if I understand the minister correctly there is no question of entering into any further agreement for future commitments between the municipalities, the provinces and the federal government.

Mr. GORDON: Any agreement entered into with the municipalities in the future will, of necessity, be entered into with the province concerned. So far as this government is concerned, after the provincial conference held in the middle of April, it was made apparent by the provincial premiers themselves that the cost of carrying on works such as had been carried on in the past was entirely too great a burden for the municipalities and for the provinces as well, and I think I can safely say that the cost to this dominion was also a burden. When the legislation is approved, agreements will be entered into with the provinces whereby, I trust, a contribution will be made—the basis has not yet been determined because the agreements have not yet been entered into—by means of which loans or advances will be made by this government to the provinces for the purpose of taking care of the destitute people for whom the provinces have primary responsibility.

Mr. HEAPS: Does the word contribution used by the minister now refer to contribution for direct relief as well?

Mr. GORDON: It refers to direct relief.

Mr. HEAPS: In other words, the amount the federal government will assume in the cost of direct relief is not yet a definite factor so far as this government is concerned.

Mr. GORDON: It has not yet been definitely determined, but I hope it will be immediately on this legislation receiving the approval of the house, if it does receive approval.

Mr. MACKENZIE KING: As I understand the minister's words, they are to the effect that as regards seeking to meet the unemployment problem by providing work, which I think was the intention at the outset, that has been abandoned as a policy, and that hereafter whatever may be given will be given for the purpose of relief. Whether at the instance of the provinces or the municipalities is a secondary matter; but as to the policy of the government, as I understand it now, and as the minister now enunciates it, it is that hereafter the policy will be to grant relief by contribution but not to establish public works.

Mr. GORDON: I do not think the right hon. gentleman has quite correctly interpreted my observations. The work as carried on in the past under that plan or program will not be carried on in the same way in the future because, as was plainly indicated by the premiers of the various provinces, they had reached the point where they could no longer finance it. The question now arises, if this

legislation receives approval, of entering into agreements with the various provinces in regard to the loaning of money by the dominion to the provinces for the purpose of taking care of their unemployed who are without subsistence. As to the details of these agreements, I can only say that they have not yet been determined, and, of course, they cannot be determined until this legislation passes the house.

Mr. MACKENZIE KING: That bears out what I have said. The minister's last words were that from now on loans would be made to the provinces to enable them to meet cases of need. So far as the federal government's policy is concerned it will be one of contributions or loans to the provinces for relief purposes, but as regards a policy of any direct provision of work by the federal government, that policy, if it ever existed—and I understand that it was the original intention—has been abandoned. That is correct, is it not, except in regard to works which at present are being brought to completion?

Mr. GORDON: That is substantially correct, yes.

Mr. DONNELLY: There is only one thing to which I wish to direct the attention of the government in connection with this resolution. During the past three years a certain portion of Saskatchewan has had no crop, although I am pleased to say that as a result of the rains this spring it seems likely that there will be a crop in that dried out area. The great problem which the people in that portion of the country have on their hands is to get the land again under cultivation, to get stubble on the land to hold it down from drifting and blowing. I would urge on the government the absolute necessity of not being too penurious in handing out seed grain. They should be generous and should give to the people enough seed to enable them to get all the land they possibly can under cultivation. In most of this land there has been no crop for three years and it is drifting and blowing about from place to place. The farmers are endeavouring to get stubble on the land to hold it down and if sufficient seed is not handed out, as some farmers are complaining, they will not be able to get their land under cultivation. If they cannot hold it from drifting we are liable to have the same thing repeated another year. I urge upon the government the importance of being generous, having regard to the conditions. If it is wet, give the farmers plenty of seed so they can get all their land under crop.

[Mr. Gordon.]

Mr. CASGRAIN: Under this legislation will farmers in need of seed grain in the province of Quebec be able to obtain it by applying to the department? I have received numerous requests from farmers in my constituency who are in need of seed grain this spring. Will there be ample provision in this legislation to enable them to obtain it?

Mr. GORDON: Am I right in assuming that the hon. member has taken the matter up with the premier of his province?

Mr. CASGRAIN: I have not taken it up immediately because I thought that under this resolution, which is quite wide in its scope, it might be possible to cover this situation. Before I shall be in a position to answer adequately those who have communicated with me, I think it will be necessary for me to have an expression from the minister, not necessarily now, but after recess.

Mr. GORDON: Up to date, so far as my information goes, and I think I am fairly well informed on the subject, no representations have come to the dominion from the province concerned. I am subject to correction in this, but I do not think that the premier of Quebec has made any representations with respect to the matter.

Mr. LAPOINTE: My information is that the Minister of Agriculture of Quebec last year made application to the Department of Agriculture for seed grain and was told that there was nothing for him.

Mr. REID: Can the minister give any information in regard to British Columbia? I understand that they were making representations to carry on works. They have large camps and road projects which were started and left uncompleted. Many of the municipalities appealed to the provincial government some two or three months back to carry on municipal projects. The minister stated that all the provinces had agreed at the conference to go on with direct relief, but my information is that British Columbia wanted to carry on unemployment works.

Mr. GORDON: I have no desire to appear to be disrespectful to the hon. member, but if he will turn to my remarks as they will appear in Hansard and will follow the terms of the message sent to the premiers, he will see just what was arrived at. Certainly, we will not shut down works which have been approved of and started and where the shutting down would cause a loss. For instance, where a building is without a roof we will go on and complete it. There are entire contracts—I

use the term in a legal sense—which have been entered into and which of necessity must be fulfilled. It was the unanimous opinion of the premiers that any works in the nature of buildings which would not have been gone on with in the ordinary course should not be started for the time being, because it was thought to be beyond the capacity of the provinces and the municipalities to pay for works of that character. It was felt that all work hereafter should be in the nature of direct relief wherever possible.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

POST OFFICE DEPARTMENT

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

Post Office—Outside Service, salaries and allowances, $15,620,000.

Mail service, including mail service by air, $14,690,000.

Miscellaneous, including $5,000 to provide for payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged, payments to be made only on the specific authority of the governor in council, $1,000,000.

Yukon territory, $141,100.—Total, $31,451,100.

Mr. NEILL: I wish to bring before the minister a matter about which I have had some correspondence with him from a different angle. It is a matter to which I think Canada owes some consideration. I refer to the case of those men who took pensions from the Pacific cable board, or rather from their successors, entitled International Communications Company, Limited. The situation is this. As the house may remember, the Pacific cable board was jointly owned by Great Britain, Australia, New Zealand and Canada in certain proportions, and the board operated a cable to Australia. For reasons which I need not go into they decided to sell out, which they did some years ago to the International Communications Company, Limited. I would refer to the debate on the subject in this house when the matter came up on May 14, 1929. I then stated that the Canadian terminal of the cable was in the constituency I represented at a place called Bamfield, and I wanted to know if the employees of the board who entered its service somewhat as one would enter the government service here, with an understanding as to continuity of service, pension and so forth, would in the transfer have their rights as to continuity of service, pension and so forth safeguarded. The Postmaster General said that that provision was to be found in the agreement signed by the contracting parties. There was some debate about it, in which the member for Acadia took part, and further on the Postmaster General said:

> The agreement provides that the company shall take over the existing staff of the board subject to and in accordance with the provisions set out in the second schedule thereof.

The Postmaster General went on to say that the rights of these employees were fully protected by the agreement to which I have referred. Following that up, the Postmaster General sent me a letter dated May 15, enclosing the second schedule of the agreement, and I want to comment on one or two of its clauses. Subsection 1 of section 2 thereof says that the company would employ the old employees of the Pacific cable board on at least as favourable terms as those they had been enjoying. Then it came to the question of those who, owing to the changed conditions, did not wish to continue with the new company but decided to take their rights of pension and so forth under the old board; there was a period of five years allowed during which they could exercise that right, and this is what was to happen if they did so exercise it. I quote:

> The company—

I differentiate between the board and the company, the board being the old organization and the company the new one. It provides that the company will pay to any man quitting under those conditions,—

> —compensation of such amount by way of pension, gratuity or otherwise, as he would have received from any pension or provident fund of the board or from the board itself in accordance with its usual practice if he had retired on grounds of ill health from the service of the board.

Section 4 provided that any dispute between any employee of the company should be referred to the decision of a single arbitrator to be appointed by the Lord Chief Justice of England. That was the old provision.

To put the matter shortly, the trouble arose because faith was not kept with these employees in the matter of their pensions. I quote now from one of these employees' letters:

The following rule was made by the board (the old board) on March 22, 1922, prior to the payment of the first pension in Canada on March 31, 1922.

This is the rule:

It has been decided that as the pension fund is not a trust fund payments made in Canada on account of pensions or death gratuities will be at the standard rate of $4.87 to the pound and not at current rate.

This letter continues:

This rule was displayed for our information at the time we notified the company that we did not wish to transfer to it, and was not rescinded at the time we retired; this definite assurance influenced our decision to retire.

As indeed it well might. It goes on:

The company now states that this ruling is obsolete as the pension fund was constituted a trust fund on December 17, 1923, and that the regulations date from that time.

Mr. STEVENS: The company changed it?

Mr. NEILL: Yes.

The staff was not advised of the change in the pension fund status. Consequently the rule of March 22, 1922, was never cancelled.

Rule 28 of the pension fund—

This is one of the regulations:

—reads, "the pension fund will be kept in sterling money and all payments out of the fund whether by way of retiring pensions, gratuities or return of contributions will be made in sterling."

Then this man states what I have already said:

Clause 2 of section 3 of the second schedule definitely fixes responsibility for payment of pensions to non-transferees upon the company, and that the company must pay them in accordance with the usual practice of the board.

Then I have another letter from him in which he states:

The company does not control the pension fund. It only acts as an intermediary between the trustees of the fund and the pensioners. The company receives all retiring pensions in London from the fund in sterling and transmits these pensions to retired officers living in Canada, Australia and New Zealand.

Then later on I find the following:

The board has always paid pensions at par, but the company pays at par in Australia and New Zealand where sterling is at a premium of 25 per cent and ten per cent respectively and at current exchange in Canada where sterling is at a discount. This means the company absorbs all exchange profit but stands no exchange loss.

Then, I find the following sentence:

If all pensions were paid at par as the board was accustomed to do, the company would still make a handsome profit.

[Mr. Neill.]

The sums they save by paying pensions in New Zealand and Australia, exchange being so much in favour of the British sterling, would more than compensate for the loss that they would sustain in paying at par in Canada. In plain English, the company is guilty of sharp practice. It receives the money for the pensioners who are living all over the world. Where sterling is at a premium they pay at par, and where it is at a discount they refuse to absorb the loss. For about twelve months they have been making as high as thirty per cent in Australia and a considerable percentage in New Zealand. They paid at par in Canada as long as the exchange was normal, but now because it has dropped they propose to pay in Canada at the current rate of exchange. As I said before, even if they were all paid at par the board would make money under these conditions. Incidentally—and probably this has nothing to do with it, although it shows the need for these men to get what is their due—these pensions are on a very low scale indeed. They are a disgrace to any public body paying them. If I remember rightly, some men who had a very considerable number of years in the service—I forget the exact number—had only £30, or $150, per year. One of those men held a responsible position, and had to exercise very considerable ability. Under those circumstances the least they could do would be to keep the bargain which they had made, and which they undertook. This is a matter of considerable consequence, and although I am now speaking of an individual case there are and will be more. The fact is, moreover, that there is a principle involved. In recent years we have heard talk—more than I care to hear—of some proposal to transfer our radio and telegraph services to private corporations. I have heard the promise made, "You do not need to worry about your employees; we will take them over and treat them right." The present instance is a fair example of the reliability of those promises.

I hope the government realizes its responsibility. These employees are Canadians, and enlisted, so to speak under our service, and under a board on which Canada had representation. When we transferred those employees to another body we had our obligations. We took care to see that their rights were protected. Now, however, the ensuing company has defaulted on its obligation. We considered we were safeguarding the rights of those men, but now the company has repudiated them. I think it is up to Canada to make a very vigorous protest. It is useless for

Bill Jones or William Smith to enter a case. One man with a pension of only £30 a year cannot hope to litigate against a wealthy company. What chance would he have? I would suggest, however, that Canada, through her high commissioner, would have a great deal of influence in a matter of this kind. We have heard very often the boast or claim—and it is a true claim, and one of which we may well be proud—that under any circumstances or in any case the British government stands behind its citizens. That has always been the case. No expenditure of time or money or effort was ever wanting when Great Britain was advised that even the meanest of her subjects were in danger of the action of any foreign power. The knowledge of that has protected the British citizen many times not only as to property and rights but also as to life. I suggest that we in Canada should do no less. Our honour is involved. This may be a small matter, but it is one in which we should take an interest. If this company discovered that Canada was taking active steps or any active interest they would probably give way. I have not exaggerated the facts or tried to make an ex parte appeal, as if I were acting as a lawyer. I have merely recited the facts. They simply find it more profitable to repudiate their bargain and pay at par. But if it is right that they should pay at par, why did they not do that with Australia and New Zealand? Now when they find they are going to be out a little bit they purpose repudiating their bargain.

Something similar has occurred in connection with the employees who have remained on. They are taking up the matter themselves through an association; I shall not speak to that for the moment. The last Postmaster General and also the present one have made recommendations to Sir Campbell Stuart. This, however, is a matter which has come up more recently, and the phase of it I have outlined cannot be denied. There is no merit in the action taken by the company, and I do hope the Postmaster General will make an investigation and take appropriate action.

Hon. ARTHUR SAUVE (Postmaster General): The remarks of the hon. member are very interesting, but I must say the matter does not come under my department; it concerns a private British company.

Mr. NEILL: The minister has not appreciated my point; I suggest it does come under his jurisdiction. These men were in his employ—or in our employ, if you like. We traded them off without their knowledge or consent to a British corporation. We stipulated that in so doing that corporation must take care of those men under the terms at the time of their enlistment. They acquired a very valuable franchise and property from us.

Mr. LAPOINTE: That was under the Postmaster General.

Mr. NEILL: It was the Postmaster General who made the contract. Hansard reveals where I asked the question, "Are those men going to be protected?" And the Postmaster General replied, "Yes, I have protected them. They come under the second schedule to this agreement." Although the Prime Minister is not in his seat he could support me in my statement that I had urged that the agreement be made part of the act. I foresaw the day might come when the bargain would be under consideration. The present Prime Minister supported me in my view, and arrangement was made by the then Minister of Justice to insert it. It is certainly our business to see that Canadian subjects are treated properly, especially when we have traded them off in that way. We should follow them up and see that the deal we made on their behalf is fulfilled.

Mr. VENIOT: Perhaps I can make an explanation which would help to clear matters. I think it was in 1929 that Canada relinquished her claims or rights to the cable system in which she was then interested. In that was included the cable to Cuba.

Mr. LAPOINTE: We were owners of part of it.

Mr. VENIOT: We were paid so much, in the end. In relinquishing her claim, however, Canada entered into an agreement with this corporation by which they were to protect the men then employed so far as pensions were concerned. I take it the Postmaster General has jurisdiction to see that that agreement is being carried out.

Mr. NEILL: Hear, hear.

Mr. VENIOT: That is as far as he can go. I would ask the Postmaster General to have the matter looked into carefully by the Justice department to see wherein this corporation has failed in carrying out the agreement which was scheduled to the act at the time.

Mr. SAUVE: The question is under consideration.

Mr. VENIOT: In order to simplify matters, Mr. Chairman, if the committee will look at page 61 they will find only two main items

in this vote totalling about $32,000,000. In the past it has been the custom to discuss under either of these main items any subject pertaining to the department. On page 63 will be found a summary of the expenditures. We could perhaps wait until each detail item there is called and discuss it separately, but I think better progress would be made if we follow the usual practice.

Mr. LAPOINTE: The whole item has been called.

Mr. VENIOT: Yes.

Mr. SAUVE: Mr. Chairman, before entering into discussion of post office estimates in their details, perhaps the committee will allow me to give a summary of the main operations of the department. I do not intend at this moment to take up the time of the committee with an explanation of details, but in the course of discussion I shall be glad to give any information which may be called for by the committee.

The Post Office estimates show a decrease of $4,688,875 from those of the preceding year. This has been effected by reducing every one of the four main items, and indicates a real endeavour to balance revenue and expenditure during the fiscal year 1932-33. The important point in connection with these estimates is that the total is lower than for any year since 1925-26 as the result of drastic cuts. In fact the total reduction in post office estimates during the past two years is more than six millions of dollars.

Turning for a moment to the question of revenue and expenditure, I might say for the information of the committee that an encouraging factor in connection with the financial position of the Post Office Department is a marked reduction in expenditure. According to the latest figures available, the expenditure for the fiscal year which closed on the 31st March, 1932, will not exceed $34,315,000, a decrease of over $1,975,000 as compared with the fiscal year 1930-31. Another factor is that the revenue for the fiscal year which closed on the 31st March last is estimated to be over $31,900,000, an increase of nearly $1,500,000 over the fiscal year 1930-31. In the latter year the deficit in postal operations was $5,876,496, but for the fiscal year which has just closed it is estimated that the deficit will not exceed $2,368,000, a reduction of over $3,500,000 in one year.

If the revenue remains at present levels during the fiscal year 1932-33 it will equal, if not exceed, the department's expenditures as provided for in the estimates now before the committee, and the deficit which has existed for several years past will have been wiped out in a period of two years.

In view of the policy that the post office operates for service and not profit, I do not consider it necessary that the postal service should show any marked surplus, but a deficit is undesirable, and I wish to assure the committee that every endeavour is being made in the administration of the department to render the best possible service at the lowest possible cost.

The reduction in revenue, caused by business depression, forced me to reduce the cost of the air mail service to $225,000 from $1,300,000, which was the figure for 1931-32, a reduction of $1,075,000. This reduction was not effected for pleasure but from necessity. It is usually much more agreeable to grant than to refuse. In these times of depression the task of reducing expenses, salaries and the number of employees, is extremely painful and presents a problem which, not being entirely solved, demands prudence and the greatest foresight. A great portion of these reductions are but temporary. It will be necessary, however, to limit expenses in future, taking into account not only the government's finances, but the real needs of the country, as well as the various other means of transportation which have absorbed huge amounts of public funds due to previous lack of forethought.

Mr. VENIOT: Before going into any questions with the minister, may I be permitted to refer briefly to the remarks he has just made. Let me say at the outset, Mr. Chairman, that the minister is quite right when he states that the Post Office Department should not be run with a view to showing a marked surplus. Let me add that in 1927 when the reduction in the cost of postage from three cents to two cents showed that for some time there would be a considerable deficit each year, I as Postmaster General brought the matter before the house. It was fully discussed, and the opinion was then expressed that, no matter what that deficit might be, while it would be well to balance our accounts as soon as possible, yet the mail service should not be allowed to depreciate in any way.

With that object in view I proceeded to lay out a program for the development of greater service in Canada, and without boasting at all I think I can say I was successful to a considerable extent in giving Canada, from 1927 to 1929 and 1930, one of the best mail services of any country in the world. I

feel proud of that. I do not take the credit to myself personally as minister; I freely give it to the energetic, efficient and industrious staff who assisted me. They considered public service the very first thing that should be attended to. The extension of mail routes by train to sections of the three prairie provinces and British Columbia entailed a heavy expenditure, but both sides of the house were unanimous in authorizing the then Postmaster General to proceed with the work, after the program was laid out and it was shown that there would be deficits.

In addition we inaugurated an air mail service, and on that point permit me to say that I am indeed disappointed that the government has seen fit almost completely to destroy the foundation then laid for air mail service in Canada. It is true that the service was costly, but when I spoke on this subject last year I had facts and figures which I laid before the committee and by which I showed that if the services were continued the deficit would become less each year. At that time it appeared that the services would be continued, because the estimate for 1931-32 was no less than $1,500,000 or a little more than the estimate for 1930-31. It was believed all over the country that these services would be carried on, but we have seen what has happened. I am not blaming the Postmaster General for this, nor am I blaming any official of his department; the government as a whole must take the responsibility and the blame for what has been done.

What has been the result? At that time I pointed out that if the services were carried on over the routes then established, the worst that could happen would be a deficit for all the routes of about $390,000. It must not be forgotten that week by week, month by month and year by year the volume of business carried by the air mail was increasing. In 1930 it increased by more than 25 per cent, and it had not fallen off at the end of the fiscal year, 1931, when the then government brought in an estimate of $1,500,000 as the amount necessary to carry on the service. If it had been carried on this year as fully as was anticipated when that estimate was brought down, with the increase to three cents on what was known as the two cent air mail services there would have been an increase in revenue of about $190,000. The increase from five cents to six cents on what was known as the five cent routes also would have brought in a large increase. Let the department take the figures, and what will they find? They will find that every two cent route, such as the Magdalen islands route, the north shore route to Anticosti and the Mackenzie river route to the Arctic circle, as well as the routes to isolated mining districts, showed a surplus for the year. There was a deficit of $650,000 on the five cent routes, but as I said a moment ago the traffic was increasing, and there was every reason to hope that this year the deficit would not have been more than from $350,000 to $390,000.

Now let me put this point: The United States, with a deficit of over two billion dollars, and a deficit of $60,000,000 on postal service, is not cutting down the air mail service. Great Britain, with millions of a deficit, is not cutting down either. Why is that? It is because Great Britain sees in the air mail service, just as we in the former government saw in the Canadian air mail service, a connecting link of empire, a connecting link with Europe, and ultimately a transatlantic service of which Canada would be the pivotal point on this continent. We saw that; we had the information in our possession, but that program has been dropped, though these other two countries are spending large sums of money on their air mail service in spite of their deficit. An immense amount of work was done and large sums of money were invested in order to carry out this program in Canada. There was a great forward movement in civil aviation of which postal aviation was the groundwork and foundation, because without it commercial aviation cannot be carried on in Canada. All that has gone by the board. Companies invested millions of dollars in equipping themselves to carry air mail, with the encouragement of the government, but to-day they see the capital they invested going to waste. The machines that they bought for that service cannot last until the government decides, two or three years hence, that an improvement in conditions will allow them once more to go on with the service. If any service in the country is essential to the progress of Canada it is the mail service of the Post Office Department; there is no question about that. Take, for instance, its effect with regard to other countries. When we lowered the rate to the Argentine Republic in 1929—we not only lowered the rate on first class matter but we raised the poundage of parcel post, extended it and reduced the rate—an additional revenue of nearly $200,000 was brought to the department. And when Canada was placed on the penny postage rate with England the department secured additional revenue. Now the rate has been raised to three cents and that advantage has been lost. If any account could be obtained with regard to mail com-

munication between Canada and foreign countries, you would find that the service has been going down since the increase in postage. I predicted, when the increase in postage was put on, that the value of postage going through the mails would be affected, not so much by the depression as by the fact that we were imposing an additional tax upon those who could write; for people who can post eight letters for sixteen cents are not going to write four letters on which they will have to pay twelve cents. When the rate was raised on newspapers from one to one and a half cents per pound, the department lost revenue, and this revenue was lost by the shortsightedness not of the officials of the department nor of the minister but of those who undertook governmental retrenchment in a department of which they had no real knowledge or experience. The revenue from newspaper postage has declined notwithstanding the increase of one half cent per pound. The Montreal Star circulates three thousand papers in this city alone, but these papers are not being sent through the post as formerly, because the increase would cost the Star $80,000. To-day they are sending packages to distribution stations in Ottawa and elsewhere, not by the mail, as they did under the one cent rate, but by express; and within a radius of fifty miles of the great cities of Canada all the large newspapers are making more use of trucks and express, sending their papers to district news agents. They are using these conveyances more than they did under the one cent rate. We have lost revenue there by want of foresight, of judgment and of a proper discussion and understanding of the situation. I predict that the revenue lost by the mail service on newspapers alone will amount to over $225,000 a year.

It was in 1928, I think, that, as Postmaster General, I introduced a bill in this house reducing the rate on newspapers from a cent and a half to one cent. What was the result? In the next year there was an additional revenue of $250,000 from newspapers alone, and we are losing that now since we have raised the rate to a cent and a half. So that it is not always wise to increase rates; it does not always bring the expected volume of business. Very often it has the opposite effect, lowering the volume of business done by the department.

The minister tells us that the decreases amount to $4,600,000. How does he arrive at that figure? He lops off $1,000,000 from the air mail service and he is going to lose revenue by so doing. We are going to lose a revenue, which we shall never get through the ordinary mail service, of over $600,000, by lopping off that $1,000,000 and discontinuing that service. That is another want of foresight.

An hon. MEMBER: What did that cost us?

Mr. VENIOT: That cost $1,500,000, and last year about $253,000 was spent of the amount voted, which was $1,500,000. The minister will save $4,000,000 by lopping off $1,000,000 on the air service, but that is not the worst feature. What about the reduction in the frequency of service in a great many places in Canada—a reduction due to the taking off of trains which heretofore carried mail to isolated places in the dominion? The lopping off of train service has not been followed by a corresponding addition to the mail service, because in many instances where the train ran daily and carried daily mail, now that the train service has been curtailed and, instead of reaching these people daily, reaches them only three times a week, there is no corresponding service to take the place of the service given by the trains on the other three days of the week. True, the service is given in some places, but I know places where it is not; the service has been lopped off.

I have here the number of renewed mail contracts last year in the maritime provinces. And what do I find? I find that $32,370 less has been paid under these renewals than was being paid under the contracts as they existed before the renewals were asked for. What does that mean? Every hon. member who occupies a seat in this house to-night and who was here in 1929, will recall the onslaught made on the Postmaster General of that day because he was not increasing the contracts or would not put mail carriers on a monthly basis. I have here a circular issued to the public. Our friends opposite will recognize it, for every one of them used it. It called upon the people to vote against the then Liberal government because of the stubbornness and hardness of heart of the Postmaster General of that day, who would not increase the remuneration mail carriers were receiving under a system that gave them seventy dollars a month. At that time Mr. McKinnon referred to the other night by an hon. member from Quebec, was on the stump in every county to which he could get. He was canvassing on that very issue, and he did more than canvass, he gave the mail contractors with whom he came in contact the promise which he had from the

present Minister of Justice (Mr. Guthrie), who was then in opposition, that the program and policy laid down in 1929 by myself would be changed. My genial friend the Minister of Trade and Commerce (Mr. Stevens) said it was a disgrace for me as Postmaster General to pay such meagre pittances to our mail contractors. Mr. McKinnon said that he would get this contract system changed. The Postmaster General, bolstered up and advised by the Minister of Trade and Commerce, the Minister of Justice, the Minister of Public Works (Mr. Stewart) and even the Prime Minister (Mr. Bennett) promised that if his party got into power the law would be changed. When I asked how this was going to be done, I think it was the Minister of Trade and Commerce who said: Put us there and we will show you how we will do it. We put them there—at least we did not, but the people did—and how did they do it? They reduced by $32,370 the renewals of former contracts. When we claimed that we had to abide by the tender system, hon. members opposite contended that we did not have to take the tenders as they came in; if they were not reasonable we could adopt a new system. What do I find under the present administration? Not only were they dissatisfied with the tenders that came in, but orders have gone forth to the district postal inspectors to get in touch with so and so and advise him that the department considers his tender too high and wishes to receive a reduced tender. I have reports before me which cannot be denied. This is how our friends opposite, who were so solicitous for the welfare of the poorly paid mail contractor, have acted. They said that their hearts were bleeding; they have bled so much they have no more consideration for the poor mail carrier.

Mr. SMITH (Victoria-Carleton): Is the hon. member opposed to the tender system?

Mr. VENIOT: I will be like Paddy; I will answer my hon. friend's question by asking a similar one—what is your view?

Mr. SMITH (Victoria-Carleton): I think it is only fair that the hon. member should answer my question.

Mr. VENIOT: I have answered it.

Mr. SMITH (Victoria-Carleton): I do not think so.

Mr. VENIOT: If my hon. friend reads Hansard, and I know he does, he must know that I am on record in 1929 as having refused to depart from the tender system. That is the reason why my Conservative friends, then in opposition, were so bitter in their attack upon the department of which I was the head. I believe in the tender system; I am for it today, I always was for it and I hope it will never be changed.

Speaking about the tender system brings another question to my mind. I have in my possession somewhat of a revelation in connection with the tender system. The record shows that for the Hatfield Point mail contract, the old contractor was the lowest tenderer. There were six or seven tenders and the third or fourth highest tenderer was a young man of eighteen years of age.

An hon. MEMBER: Eighty years?

Mr. VENIOT: No, although I know of one mail contractor who is eighty-six years of age and does not miss a trip. The district postal inspector reported that this young man was not fit for the position; he was not of an age to enter into a contract, he had no vehicle or horses, but notwithstanding this report, word was sent to this man to lower his tender. He lowered his tender by ten dollars, which brought him below the lowest tenderer, the old contractor, and he was given the contract in spite of the report of the inspector.

An hon. MEMBER: What government was that?

Mr. VENIOT: The present government.

Mr. SMITH (Victoria-Carleton): Did not the hon. gentleman, while he was Postmaster General, dismiss men who had made the lowest tenders and who were really responsible?

Mr. VENIOT: Did I which?

Mr. SMITH (Victoria-Carleton): Did you not dismiss them?

Mr. VENIOT: No, I did not.

Mr. SMITH (Victoria-Carleton): I can name a case right now.

Some hon. MEMBERS: Order.

Mr. VENIOT: All right, go on.

Mr. SMITH (Victoria-Carleton): I refer to the case of Mr. Robert Reynold, of West Glassville. He was a reputable gentleman, well qualified to carry out the work, but was dismissed by the hon. member simply because of his political affiliations.

Mr. VENIOT: I know the hon. gentleman does not deal in politics.

Mr. SMITH (Victoria-Carleton): Neither do you.

Mr. VENIOT: I know he does not deal in politics, but let me read one of his letters. This letter is dated July 24, 1931, and is

in connection with a post office in the hon. member's constituency. He writes to the Postmaster General as follows:

The time surely has come when this post office should no longer be a plaything for the few Liberals who are trying to use it as such in that locality. Mr. Barter has never given his personal attention to it. It is not his intention if he were appointed to do so, but to farm it out to somebody else.

Mr. SMITH (Victoria-Carleton): Hear, hear.

Mr. VENIOT: My hon. friend does not know what he is saying "hear, hear" about, because he wrote the department in connection with Mr. Barter, and Mr. Barter has produced sufficient evidence to the department to prove that my hon. friend's statement was not well founded.

Mr. SMITH (Victoria-Carleton): Mr. Chairman—

Mr. VENIOT: Take your medicine now, My hon. friend wrote:

I have learned only yesterday that he does not even live at Lakeville himself but at Avondale.

Now what do we find? The hon. gentleman made that statement when he knows that that man lives within the rural route district.

Mr. SMITH (Victoria-Carleton): How far away?

Mr. VENIOT: Not over two miles from the post office.

Mr. SMITH (Victoria-Carleton): That is not correct, Mr. Chairman.

Mr. VENIOT: My hon. friend himself writes:

—some few miles away from this place.

He admits it himself.

Mr. SMITH (Victoria-Carleton): It is more than two miles.

Mr. VENIOT: A few miles cannot be very much more than two miles, if I understand the meaning of the English word "few". Instead of my not telling the truth, as the hon. gentleman has stated, I produce his own letter before this committee which shows that he did not tell the truth.

Some hon. MEMBERS: Order.

Mr. VENIOT: It is all right for him to make such a statement about me without being called to order, and you are delighted to hear him make such a statement. You do not call him to order.

Mr. SMITH (Victoria-Carleton): I did not make a statement that was not correct.

[Mr. Veniot.]

Mr. VENIOT: You did. I have your letter here in which you say:

Under the circumstances I desire to protest very strongly against his having anything to do with the office again.

Mr. SMITH (Victoria-Carleton): Hear, hear.

Mr. VENIOT: I did not intend on rising, Mr. Chairman, to go into this matter at the present time. To discuss the minister's statement was all that I intended to do, and later on to come back to these things. But I know the tendency of the hon. member for Victoria-Carleton so well. I have been acquainted with him for a long number of years and I have seen him when he is cornered; I have seen the corns on his political toes trampled on so hard that he could not keep quiet, and therefore I prepared myself in advance.

Mr. SMITH (Victoria-Carleton): Mr. Chairman—

The CHAIRMAN (Mr. Morand): Order. The hon. member for Gloucester has a right to make his speech.

Mr. SMITH (Victoria-Carleton): I rise to a question of privilege, Mr. Chairman.

The CHAIRMAN (Mr. Morand): Please state the question of privilege.

Mr. SMITH (Victoria-Carleton): The hon. member for Gloucester has made a statement from his place in the house that is not correct, and I think it is only right that he should be asked to qualify it.

The CHAIRMAN (Mr. Morand): Will the hon. member quote the statement to which he refers.

Mr. VENIOT: That is not a point of order, Mr. Chairman, when the hon. member says that I made a statement that is not correct and he does not specify the statement. Surely it cannot be the letter I read.

What are the circumstances connected with this very nice letter, this charitable, friendly letter, not political in any sense of the word? This man Barter was a returned soldier. He himself and three or four of his brothers went overseas. He came back and became assistant postmaster at Lakeville. When the postmaster retired—he had been appointed by the Civil Service Commission—this man applied for the position of postmaster, and he was appointed to that position in 1930, if I mistake not. However, Hansard will show, because I put the whole record on Hansard last session. Then the office was moved to a store known, I believe, as Miss Wilson's store. At all events there was a young lady in charge and she was put temporarily in charge of the post office. The reason for the change as

stated in the department records was that the post office was not centrally located, but the postmaster was never notified of that and never was asked if he could furnish a more centrally located site for the office. He was summarily dismissed for that reason, which was no reason at all for dismissal unless it was a case of a postmaster refusing to obey the orders of the department and finding a proper site, which does not apply here. The vacancy was advertised. There were several applicants, among them the young lady temporarily in charge of the post office, and this man Barter. Not having been dismissed for any valid reason he was entitled under the Civil Service Act to apply again, and the Civil Service Commission issued a certificate in his favour some time in the month of January, but from that time down to the present no permanent appointment has been made by the department. One of the reasons why it has not been made is this letter from the hon. member for Victoria-Carleton—and the hon. gentleman says that he does not interfere in public matters politically. I say that the reason there has been no permanent appointment is found in that letter; and according to the investigation, according to the reports, according to the record of this man when he was postmaster up to 1931, every statement made in that letter is disproved as to residence, as to his being a political partisan during the time he was engaged as postmaster. They put forth every effort to discover something against this man in order to dismiss him. They could not dismiss him for political partisanship, and so overnight somebody thought of this other ground for dismissal, and he was dismissed on the ground that the post office was not centrally located. Let me go on.

Mr. SMITH (Victoria-Carleton): You are labouring pretty hard.

Mr. VENIOT: Not labouring as much as you will have to labour to answer for your political sins in the county of Victoria-Carleton.

Let me now point out another step that was taken to bring about this reduction in expenditure of $4,600,000. Up until last fall regulations had been in force in the department for a number of years governing the working hours of the men in the large cities, the postal clerks, the postal messengers, the distributors, the mail delivery men in the cities. Under those regulations the men had to work so many hours on a Sunday and so many hours at night before they could be paid overtime for additional work. We find that that regulation has been changed and that the hours which the men have now to work before they can begin to earn overtime pay have been extended one and even two hours. In addition this took place just about the time that the ten per cent cut in the salaries of these men was decided upon. Not satisfied with a reduction of ten per cent they added to the working hours, which is equivalent to a reduction in salary. They did not, however, consider the effect of the new regulation, because the circular sent out claims the right to bring the men back to work in order to complete a certain number of hours, even if they have to go two, three or four times, if necessary, to the office. What does that mean? To the men living in large cities it means extra expenses in carfare, and so on. Here again they are taking away from the men in an effort to meet the reduction in expenditure of $4,600,000.

The Postmaster General refers to the revenue of the department. He has said that with the curtailment of expenditures, the cutting of salaries, the lessening of the frequency of mails between certain points in Canada, the savings of a million dollars per year in air mail service, he hopes within the next two years to wipe out the deficit. I hope so, too. If I were in his place, however, I would not boast about wiping out a deficit in two years, if in so doing the mail service in Canada is in part destroyed. If within the next two years the Postmaster General wipes out the deficit at such a cost in service to Canada, then I claim he is not doing justice to himself or to the Canadian people.

I do not intend to go any further into the remarks made by the minister. I have several cases to place before him, not with the intention of advancing any personal criticism. When in office I was accused of allowing outside political influence to affect my judgment in the administration of the Post Office Department to the extent of causing injury to others. If such injustices have taken place since he has been in office I do not place the entire blame upon him. He came into office as a new man; he began working in a department where it had taken me a long time to learn the ropes and how to handle this, that or the other case. I do not place the entire blame upon the minister. He may not have had the courage to resist—I am not referring particularly to outside influence, but the influence of those sitting around him, the members of the government who advise him and discuss matters with him. In the government of to-day there are five or six ministers who on every occasion condemned the former Postmaster General for

doing the very things the present Postmaster General is doing to-day. He is not acting in his own name, but in the names of his colleagues who place matters before him for his attention. In some cases the law is violated, in others there is an abuse of power, —all to carry out the will of and promises made by members of the cabinet sitting with him in council. Those same gentlemen sat in opposition and at every move made by the former Postmaster General they would suggest that political influence had been used. Those same gentlemen to-day are to blame for the injustices done to employees of the Post Office Department throughout Canada, injustices done to mail contractors, and in connection with the dismissals of postmasters.

Accusations were made against me to such an extent that one might have thought I deserved to be locked behind the bars. During my four years in office I dismissed 164 postmasters for political reasons. What is the record of hon. gentlemen opposite who condemned so severely the former Postmaster General? They uphold and applaud the present head of the department because after only eighteen months in office he has dismissed 454 for political reasons. With those remarks Mr. Chairman, I shall take my seat, but may speak to other matters which come up later.

Mr. SMITH (Victoria-Carleton): Mr. Chairman, without attempting to be boisterous along the same lines as has the hon. member for Gloucester—

Mr. VENIOT: You could not if you would.

Mr. SMITH (Victoria-Carleton): —I dare to say just a few words in refutation of what the hon. member has said concerning the postmaster at Lakeville, and the dismissal of postmasters in my constituency. Last session the hon. member made a laboured attempt to make it appear that the postmaster at Lakeville, Carleton county, New Brunswick, who had been dismissed, was a returned soldier with five or six dependent children. That statement was not correct. The postmaster at Lakeville to whom he referred was Mr. Barter. He has not one dependent child. His children are able to take care of themselves; and he does not live in the vicinity of the Lakeville post office, but at a distance of three or four miles from that place. When my hon. friend tries to make it appear that the Civil Service Commission has not dealt fairly in this instance he is certainly making a laboured attempt which cannot be justified by the facts.

[Mr. Veniot.]

Mr. VENIOT: I never said a word about the Civil Service Commission not dealing fairly with this matter.

Mr. SMITH (Victoria-Carleton): Mr. Chairman, I did hear the hon. gentleman say—

Mr. VENIOT: You did not.

Some hon. MEMBERS: Order.

Mr. SMITH (Victoria-Carleton): I did hear the hon. gentleman say certain representations had been made to the Civil Service Commission, and they had taken no action.

Mr. VENIOT: I made no such statement, and Hansard will show that I did not. I said representations were made to the Post Office Department, and no action had been taken.

Some hon. MEMBERS: Sit down.

Mr. VENIOT: I have a perfect right to get up and correct a statement made by an hon. gentleman when he places words in my mouth that I never uttered.

Mr. SMITH (Victoria-Carleton): I am perfectly willing that hon. members to-morrow should read Hansard to see what the hon. gentleman did say.

Mr. LAPOINTE: We will do it.

Mr. SMITH (Victoria-Carleton): The facts are that in this particular case Mr. Barter was appointed because of political partisanship, the post office was removed from a central point in that locality, and in the new location the revenues decreased by at least forty per cent. Just to please my hon. friend and some of his supporters in that particular locality the post office was removed. It remained there until this party came into power, when I asked for it to be placed back at the old central point where it would best serve the public interest. Mr. Barter does not live in that locality at all. The lady who has the post office at the present time does live in the locality, the post office is now centrally located, and it is giving the people full satisfaction; but my hon. friend wants to have it moved away again. These are the facts so far as this post office is concerned.

Now, if my hon. friend wants to be sincere I would ask him to explain just why it was that without cause he dismissed Mr. Robert Reynold from the postmastership of West Glassville and took from him the mail contract which he had tendered for and rightly got. Was not the reason simply that Mr. Reynold was opposed politically to the hon. gentleman, and the latter's friends asked for his dismissal? Mr. Reynold is one of the most reputable gentlemen in that particular section

of the country. I would ask him also why he dismissed the old postmaster at Centreville, Mr. Clark, who had been giving the public good service for over fifty years. His son was acting as his assistant. The ex-Postmaster General dismissed that old man, and broke his heart. I would ask him these questions—questions that are really pertinent to this discussion. I want my hon. friend, if he can, to explain to this committee why he took those steps under the circumstances. I think the hon. gentleman's record so far as dismissals are concerned is too well known for him to attempt to make himself appear as one who will do something to-day in order to rectify matters of this kind. We all know there are certain cases through the country districts where postmasters perhaps ought to be dismissed, and there are other cases where postmasters ought not to be dismissed; but my hon. friend while he was head of the department sought on every possible occasion to dismiss without cause postmasters who were really qualified to perform their work in the best interests of the public, and to put in their place men who were not qualified in any way whatever.

Mr. WOODSWORTH: If I may bring the discussion back from New Brunswick politics, Mr. Chairman, I should like to draw the attention of the committee to another aspect of the economy program. It is rather interesting to note that the post office is one of the very few revenue-bearing departments. The Minister of Finance told us the other day in his presentation of the budget:

> Collections from the various public services, it is estimated will total $54,000,000. Post office, which is the major contributor under this head, will show an increase of $1,500,000 due to the raise in postage rates and because postage stamps may now be used for certain excise stamp taxes. The post office revenues are estimated at $31,748,000 as against expenditures estimated at $34,550,000. This does not include disbursements made by other departments on account of post office, nor does it, on the other hand, give any credit for handling the mail of the various branches of the public service free of charge.

Now, with a department of this character which has been revenue bearing, and in fact profit producing, in the past, and has only recently fallen behind because of the general depression, it does seem as if we ought not to carry such ruthless economy into that department. The Postmaster General told us a few minutes ago that the post office was run for service and not for profit. But he went on to say he believed the best possible service should be given at the lowest possible cost. I think in a general way of course we would agree with that statement, but it does seem to me the cuts which are being made to-day in the salaries of postmasters and in the amounts granted in some cases to rural postmasters are altogether beyond reason.

There is no class of public servants which have greater sympathy from the public at large than the postmen who bring our letters daily to our doors, and I want to refer to them particularly to-night. We in this corner have had a rather interesting experience. A few years ago we were cooperating very closely with the Conservatives, who then sat at my right, in pleading for higher salaries for postal employees.

Mr. LAPOINTE: Hear hear.

Mr. WOODSWORTH: The trouble is there has been a reversal of roles, and to-day it is the former Postmaster General, whom we attacked very bitterly at that time, who is appealing for better treatment of postal employees.

Mr. VENIOT: I am merely asking hon. gentlemen opposite to keep their promises.

Mr. CASGRAIN: The Tories never keep their promises.

Mr. WOODSWORTH: I hope in this case they will keep their promises. I pleaded then for higher salaries for postal employees; my position is the same to-day. I think the lower paid employees are not given enough remuneration. But unfortunately instead of salaries being raised they are now being cut. I desire to call the attention of the house to a circular recently issued by the Post Office Department, P.S.B. 196, dated April 11, addressed to postmasters throughout the country. These are the first two paragraphs:

> The postmaster is advised that the item which for some years appeared in the estimates to cover overtime and statutory holiday pay, has been deleted from the estimates for 1932-33. Moveover, the amount provided for salaries for 1932-33, even outside of the ten per cent deduction, has been greatly reduced.
>
> These facts leave the department no alternative but to modify the regulations governing overtime, hours of duty and compensation for work performed on statutory holidays.

That is, we have this situation: The expenditures of a department that has been revenue bearing, that has been so well managed that in the past it has brought some profits, and which this year may suffer a slight decrease, is being cut down in part by the reduction of the salaries of the ordinary postmen. They with other civil servants are asked to lose ten per cent, and in addition are to suffer still further reductions and losses. The next three or four paragraphs of the

circular show what economy means in the case of the postmen. It must be remembered also that this circular was issued without any consultation whatever with the postal employees. It has been the custom in the past, when alterations were to be made in working arrangements, to call the postal employees into consultation. Certainly when the postmen asked for increases there were always conferences between the employees and the department. Nothing of that kind has been done in this case. Concessions which have been gradually won through years of steady effort are taken away at one stroke of the pen. I continue reading from the circular:

The regulation weekly period of duty will continue to be forty-four hours, and the departments wishes, if possible to so arrange the staffs that it will not be necessary to call upon any employees to work more than that period.

On the very face of it that takes away the regulation week. It still exists as a kind of pious ideal, but in practice the employees cannot depend upon their regular weekly work. Undoubtedly an effort will be made to increase this period whenever any emergency arises. I read further:

In order to perform the work with the money available, however, it will be absolutely essential to arrange the staffs so that the number of employees on duty at any particular time of the day will not exceed the number actually required to perform the work in hand at that time.

Again, on the face of it that may not sound very serious, but in practice it means that there is to be such rearrangement, as is indicated in the succeeding paragraphs, as will materially increase the time worked by each employee. It means that the most rigorous efficiency methods are to be applied and that in their application there will be a cutting down of wages and an increase in the time worked. I read further:

It follows that the eight hour daily period of duty cannot, in all cases, be subject to a minimum spread of hours, or even to two attendances. Moreover, the concession granted by the department whereby seven hours night work and six hours Sunday work have been considered as a full day, can be no longer operative.

As I understand the situation, this means that the postal employee may be called out two or three or four or five or six times during the day. Formerly his work was spread over a certain period of time, so that he would not be called more than twice in the one day. This meant that he knew what hours he would be free, and could employ those free hours. It meant that he could go home and spend the evening with his family. Only the other day I had a letter from the wife of a postman who said very bitterly that she supposed that from now on she would never know whether her husband would be home regularly to spend the evening. He might be called out and his period of work extended in a most arbitrary fashion. Further than that, the period of night work is to be increased and the six hours when worked on Sunday will no longer constitute a day's work. I read further:

The department desires, however, to maintain the forty-four hour week wherever possible—

I do not know how much that may mean; it depends very largely, I take it, on the local postmaster.

—and to keep Sunday work to the minimum.

Again, the effect of these words "to the minimum" depends very largely upon the local postmaster and upon the amount of work at hand at any particular time.

The fact that no money is provided in the estimates for the fiscal year 1932-33 makes it impossible to continue the granting of compensation to employees at the rate of time and a half for time worked in excess of the weekly period and extra remuneration for work performed on statutory holidays.

In the past, if men worked beyond their regular time they were paid time and a half, which meant that the department, wishing to be as economical as possible, would not very often overwork these men, and the men could count on that. In rush times, however, the men were willing to go back and work because they received added compensation. The same applied to working on statutory holidays, but now those concessions are to be swept away.

Mr. CAYLEY: Is it suggested that this is merely a temporary arrangement?

Mr. WOODSWORTH: No, there is nothing to indicate that. In brief, as I understand it, this circular means first that there is to be a decrease of staff. That is a very serious thing at this time of great unemployment. I need not labour the matter in this committee, Mr. Chairman, but it does seem to me that at a time when there are hundreds of thousands of men out of work and not knowing what to do, the government departments ought not to be cutting down in this fashion. It is not that there is not enough work to do; there is work enough, but the reduction is being made only by working the men longer hours. It would seem to me that during a period of unemployment the reasonable thing would be to cut down hours, say from the eight hour day to the six hour day, but

instead of that according to this circular the working day is being lengthened at this time when so many are unemployed and need work.

Mr. HEAPS: No extra pay.

Mr. WOODSWORTH: Further, it not only means no extra pay, as has been suggested, but it means an actual decrease in pay. It means that the postal employee is being cut down by his ten per cent reduction; it means that he is being cut down to the extent of his statutory increase, and in the third place he is being cut down in the amount that he hitherto has received for overtime and for working during statutory holidays. This involves a very serious reduction in the remuneration of those who are already underpaid. It also means a general worsening of conditions because of the irregularity which henceforth must characterize the work of the postal employee.

I should like the Postmaster General to explain very definitely the reason why the department has taken this action. I should like him to justify it. A week or so ago I directed that question to him, and his only reply was to hand me a copy of the circular and say that at some other time he would be willing to make whatever answers I required.

Mr. SAUVE: I gave you a statement also.

Mr. WOODSWORTH: Yes, just a brief statement, but does the minister think this statement is good enough? I feel quite certain it is not good enough for this house, and I would like to have some real justification for this action, the results of which I have been trying to outline. I think the public expressions of opinion already have had an influence with regard to this matter. I do not know whether or not the circular has been put into force. If it is not already in force I hope it will be cancelled, and in the meantime if there is any justification whatever for it I hope the Postmaster General will proceed to give that justification in as great detail as possible.

Mr. SAUVE: In view of the economic situation due to practically world-wide conditions, and in view also of the government's policy to effect economies wherever possible, it was necessary to make a careful study of the postal service from an administrative standpoint and to reduce the estimates to an amount which would be more in accordance with the postal revenue. With very few exceptions, post office expenditures have shown an increase each year over the preceding year since confederation, and while there has been an enormous growth in the revenue of the department during this period, there has been considerable variation in the receipts from year to year, with the result that during the past ten years there have been only three in which there has been a surplus. For the five-year period ended March 31, 1931, there has been a steadily growing deficit, which for the year 1930-31 amounted to nearly $6,000,000. In the interests of good administration, this unfavourable balance could not be allowed to become larger, inasmuch as the Post Office Department was functioning only at the expense of other revenue producing departments of government. This is the reason why last year we reduced the estimates for 1931-32 by nearly $1,375,000. That reduction, together with the increase in revenue since the introduction of the three cent postage on July 1, 1931, which I mentioned in my introductory statement, has brought an increase of $1,500,000, and this will result in reducing the deficit for the year just closed to about $2,368,000 as compared with a deficit of $5,876,000 for the fiscal year 1930-31. While this million and a half dollars is an improvement, it does not represent a normal increase in postal revenue, being the result of an increased postage rate; and unless business improves to a considerable extent in the very near future, the revenue of the department for the fiscal year 1932-33 will show very little improvement over that of the fiscal year ended March 31 last.

From the above it will be as readily apparent to the committee as it was to the department that if any real effort were to be made towards improving the financial position of the department it was necessary to reduce the estimates and at the same time retain the three-cent letter rate.

Mr. DUFF: What is the difference in revenue between the two years?

Mr. SAUVE: The deficit in 1930-31 was $5,876,000 and the deficit in 1931-32, estimated, was $2,367,000, an estimated decrease in deficit, in 1931-32, of $3,508,749.

Mr. DUFF: The minister did not understand my question; I did not ask what the deficit was. What I want to know is what the revenue for 1931 was, as compared with 1930.

Mr. SAUVE: We have a million more this year.

Mr. DUFF: What was the gross amount each year?

Mr. SAUVE: If the hon. member will allow me to finish my statement in answer to the ex-Postmaster General I will give him the figures he asks for.

Mr. DUFF: The minister was speaking a moment ago about revenue, and I should like to know what the revenue was last year and what it is this year up to the end of March.

Mr. POULIOT: The minister is not working now; he is labouring.

Mr. SAUVE: The revenue in 1931-32 was $31,947,750, and in 1930-31, $30,416,106, an increase of $1,531,644.

Mr. VENIOT: Will the minister please give the figures again for 1932?

Mr. SAUVE: In 1931-32 the estimate is $31,947,750.

Mr. DUFF: That is the estimate for this year. I want to know the amount collected last year and the amount collected the year before—the actual figures; that is only an estimate.

Mr. SAUVE: The hon. member will find the answer at page 10 of the report of the Postmaster General.

Mr. DUFF: A moment ago the minister gave the estimated revenue for 1932 as $31,947,000; in his budget speech, the Minister of Finance gave the estimated revenue as $31,748,000. There is a difference of $200,000. Who is right, the Minister of Finance or the Postmaster General?

Mr. LAPOINTE: Both are wrong.

Mr. SAUVE: I thank the hon. member for Quebec East for his answer.

Mr. DUPUIS (Translation): Mr. Chairman, the honourable Postmaster General—

Mr. SAUVE (Translation): In all fairness for the hon. member for Winnipeg North Centre (Mr. Woodsworth), who just asked me a question, would my hon. friend from Laprairie-Napierville allow me to give the former a few explanations?

Mr. DUPUIS (Translation): At all times I have dealt fairly with the hon. Postmaster General and I am quite willing to go on doing so for another few minutes.

Mr. SAUVE (Translation): I would ask the hon. member to supplement his statement with the words: "In order to enable the minister to act courteously towards the hon. member for Winnipeg North Centre."

Mr. POULIOT (Translation): In the meantime we are acquiring knowledge.

[Mr Duff.]

Mr. CASGRAIN (Translation): What information may be secured is so much more added to one's knowledge.

Mr. SAUVE: In answer to the hon. member for Winnipeg North Centre (Mr. Woodsworth) I may say that the postal employees in the city offices who are civil servants enjoy the advantages of sick leave, special leave and annual leave, and in addition have been granted the following:

(a) Payment for overtime at the rate of time and a half;
(b) Additional payment for work performed on statutory holidays;
(c) Seven hours night work to be reckoned as eight hours;
(d) Six hours Sunday work to be reckoned as eight hours;
(e) Daily period of duty not to extend over ten hours.

The payment for overtime and the additional payment for work performed on statutory holidays has, up to the present year, been authorized by an item in the estimates. Because of the economic conditions which prevail, this item does not appear this year, and there is neither money nor the authority to make payments under these headings. The extra time allowed for night and Sunday duty was a privilege granted to the men at a time when conditions were more favourable. Under present conditions it is felt that an employee should work eight hours a day, but he is not asked to work more than forty-four hours in any week. This is the work period usually accepted by labour organizations all over the world.

Mr. HEAPS: That is not correct.

Mr. SAUVE: That is my information. It should be borne in mind that while postal employees have all the benefits which accrue to them as civil servants, they have also been granted privileges usually given, only to employees who are paid an hourly rate. While some of these privileges previously granted are now being refused, no hardship will be caused to the postal workers. I might add that these conditions are only temporary and are made necessary by the present economic situation and decrease in business.

Mr. HEAPS: Mr. Chairman—

Mr. DUPUIS: I have the floor.

Mr. HEAPS: Mr. Chairman, I have no objection to your saying who has the floor, but I do object to another hon. member saying it. May I ask, Mr. Chairman, who has the floor?

The CHAIRMAN (Mr. Bury): The hon. member for Laprairie-Napierville (Mr. Dupuis).

Mr. DUPUIS: A few moments ago I was courteous enough to yield the floor to the Postmaster General, and I should like to keep it now. I have very great esteem for hon. members in the far corner, but I think they get a large share of the floor.

For a few minutes I shall continue the argument raised by the hon. member for Winnipeg North Centre. Having been a civil employee in the railway mail service, I know something about what these employees have to do at the present time as compared with what they had to do when I was a member of the staff. The information I have received from friends who are still in the service is to the effect that under the present régime they have to do twice as much as they had to do under previous régimes, either Liberal or Conservative, and in spite of this they receive less money. For instance, these men used to have to work only three or four days a week, but now they are forced to work every day and sometimes on Sundays. The question as to who has the floor being put aside, I am completely in accord with the argument raised by the hon. member for Winnipeg North Centre. I think the postal employees should receive the same consideration as employees in other branches. Eight hours a day may be the rule for other branches in the postal service, but that is not the regulation in the case of the railway mail clerks. If the suggestion put forth by the hon. member is adopted by the department it would mean that more citizens would be given work and a chance to care for their families, and fewer would require direct relief.

Now, Mr. Chairman, if you will allow me, I will speak in my own language because, like the Postmaster General, I am more familiar with that than with English.

(Translation): Mr. Chairman, I regret having to bring before the house a matter that should never have been raised but I feel it my duty to do so as a matter of public interest. On several occasions, the present government boasted of the high plane of their politics. I still recollect how, during the first session it was my privilege to attend, the then Prime Minister, in his spurts of high flown eloquence, would enthuse over the great principles of freedom and statesmanship. And indeed, my admiration would then go to the hon. leader of the opposition at the time, not only on account of his glibness, but also because he soared above petty politics.

Mr. LAPOINTE (Translation): Do you mean the leader of the opposition at Ottawa or at Quebec?

Mr. DUPUIS (Translation): I also remember, as stated by my hon. friend the former Minister of Justice (Mr. Lapointe), the former leader of the opposition at Quebec; I remember his characteristic eloquence, his poise, and the dignified tone of his remarks; I remember how, in his accustomed flights of oratory, he used to advocate those great principles in the days when he was honoured with the leadership of that wonderful opposition in the Quebec legislature—

Mr. POULIOT (Translation): Oh, how touching are these words!

Mr. SAUVE (Translation): Inspiration is lacking.

Mr. DUPUIS (Translation): You will get all the inspiration you want from the people at the next election.

Mr. GOBEIL (Translation): It is starting.

Mr. DUPUIS (Translation): Unless the political life of the hon. minister should end in the Senate.

Mr. CASGRAIN (Translation): That would be worth while.

Mr. DUPUIS (Translation): I remember—

Mr. LAPOINTE (Translation): He is sly.

Mr. DUPUIS (Translation): I remember how he strongly stood for ideal principles; but what a change has occurred since, and that to my great sorrow, when the very same men—the former leader of the opposition in this house and the former leader of the opposition at Quebec—came into power, after the 30th of October, and assumed the responsibility of government. What a change has taken place, and how startling that change was! What did we find? As far as I am concerned, I found a condition for which I must express my appreciation to the hon. Postmaster General. During the first days of the session, after the good people, who at one time had taken stock in the promises made by our hon. friends on the other side of the house, and realized that they could not expect anything, they made a rush to secure the jobs under the control of the powers that be. And then, the hon. Postmaster General was deluged with such a large number of applications that he knew not which way to turn. I still remember his first replies—as they may be found in the public records. For instance, to those asking for the dismissal of a rural mail contractor he would reply—

Mr. SAUVE (Translation): What item is my honourable friend speaking on?

Mr. DUPUIS (Translation): I will give it in French and should the hon. Postmaster General so desire—

An hon. MEMBER (Translation): It is in order to discuss any matter.

Mr. DUPUIS (Translation): I will quote it in the English language.

Mr. SAUVE (Translation): I simply wish to take note of it.

Mr. DUPUIS (Translation): I refer to item 281, on page 63, which also includes: "Mail service by ordinary land conveyance comprising rural mail delivery". Is the hon. minister's wish gratified?

Mr. SAUVE (Translation): Yes; it is so that I may better catch the meaning of the statement.

Mr. DUPUIS (Translation): If that be practically the only power left to you; catch it. To revert to my argument, I remember the Postmaster General saying at the time: "We cannot dismiss rural mail contractors so long as such employees are doing their duty, because they are not under the jurisdiction of the Civil Service Commission. They are just contractors and, consequently, we cannot dismiss them unless it be established that they are guilty of political partisanship while discharging their duties and have been remiss therein as a result of such activities."

To make my point clear, may I quote from Sessional Paper No. 381, 1931, respecting rural mail delivery routes No. 1 and 2, at Sherrington, county of Napierville. The minister received from his political friends in that district, numerous letters informing him that a man by the name of Roch Lussier, who, may I say incidentally, is a farmer, the father of thirteen children and the supporter of his aged parents, respectively 80 and 84 years old and both living with him—

Mr. POULIOT (Translation): That is of no account to them.

Mr. DUPUIS (Translation): Here is the answer made by the honourable minister through the Deputy Postmaster General. The letter is from Mr. L. J. Gaboury, Deputy Postmaster General, under date of Ottawa, 8th September, 1931, in answer to a Mr. Rivet who had made application for the position of rural mail carrier. The third paragraph reads:

In connection with the activities of the contractor during the last eleciion I may say that the department calls upon the contractors to perform their mail service in a satisfactory manner, but nothing in their present contracts prevents them from exercising their rights as private citizens. However, I may add that the department disapproves any active political partisanship on the part of the contractors while discharging their duties.

In this particular case, although at the request of his political friends the defeated candidate in my constituency had brought his influence to bear on the honourable minister, in spite of that, I say the Postmaster General was reluctant to deal with dismissals of that kind—

Mr. LAPOINTE (Translation): He is weak.

Mr. DUPUIS (Translation): I hold him to be a good citizen, a good Canadian; I admired him when he was in Quebec and I dislike those who maliciously say of him: "A man may shine as a subordinate officer and be a failure as leader". I do not agree with them; I admire the Postmaster General; the only weakness I find with him is that he is too easily caught. A few minutes ago, he stated how fond he was of apprehending; personally, I rather think he enjoys being apprehended—I mean in his disquisitions, of course.

Mr. SAUVE (Translation): Do not attempt it.

Mr. DUPUIS (Translation): Then, after pressure had been exerted upon the hon. minister, an investigation was granted in the case of Roch Lussier. What came out of that inquiry? A horrid crime, in the eyes of the Conservatives. On the 28th of July, 1930—the hon. minister still remembers the unexpected victory achieved by his party—

Mr. CASGRAIN (Translation): Unexpected and fortuitous.

Mr. DUPUIS (Translation): The Conservative party had come into power, but the member for Laprairie-Napierville, a Liberal, has been elected. So, on election night, the citizens of Laprairie-Napierville celebrated my success; they "wetted" it, may I say, and I am sure, the honourable minister will not blame them.

Mr. SAUVE (Translation): It was raining heavily.

Mr. CASGRAIN (Translation): A storm was raging.

Mr. DUPUIS (Translation): To such an extent that the fire department had to be called upon. I beg your pardon, that was the following day. On the night I refer to they were celebrating the election of the Liberal candidate.

Mr. CASGRAIN (Translation): Hear, hear.

Mr. DUPUIS (Translation): Poor Roch Lussier happened to be there. Such was the outcome of the inquiry. The next day, the news came that throughout the country, the Conservative party had won the election, and then it was that, the friends of the Conservatives, of Mr. Bennett and the Postmaster General, in order to keep up with the Liberals of Sherrington, also held a celebration, but with much more bluster. At any rate, they only acted as my hon. friends opposite always do: At the least thing that happens to them they smash their desks—

An hon. MEMBER (Translation): They lose their heads.

Mr. DUPUIS (Translation):—In their noisy enthusiasm.

Mr. FAFARD (Translation): When the price of butter goes up.

Mr. DUPUIS (Translation): When the price of butter is increased a cent—

Mr. POULIOT (Translation): They rejoice with drums beating.

Mr. DUPUIS (Translation): —they beat the drums, and when the price of butter goes down, they may be seen scurrying away through the lobbies, with long drawn faces and as mute as fish. But, on that particular night the enthusiasm of the hon. Postmaster General's friends rose to such a pitch that a scrap seemed impending. And so some of our friends, the parish authorities themselves, decided to put an end to the celebration and, were it to become too noisy, to call out the fire department,—and, as it appears, poor Roch Lussier was one of the crowd. Such was the crime discovered against that employee.

Mr. LAPOINTE (Translation): A fire hose crime.

Mr. DUPUIS (Translation): And notwithstanding the letter, a really touching letter, written by Roch Lussier to the Postmaster General, on the 15th of May, 1931, in the hope of enlisting his sympathy, and part of which read as follows:

I am just in receipt, from Mr. Taylor, district superintendent at Montreal, of a letter advising me that my contracts for rural mail delivery shall expire three months from to-day.

Note that to an inquiry previously made by him, the hon. Postmaster General had replied that Lussier's contract would not expire until 1934.

Mr. CASGRAIN (Translation): He forgot all about it.

Mr. DUPUIS (Translation): And Mr. Lussier goes on:

I imagine you are not aware of the fact that I am the father of eleven children and that I also support, in these hard times, an old man of 84 years of age. You are reducing my family to absolute want; and I sincerely hope, hon. sir, that you will take pity on the poor man I am, who besides being crippled, must provide for a large family.

And because of his having joined others who were celebrating the victory of the 28th July, that unfortunate employee was dismissed—

Mr. CASGRAIN (Translation): He shall pay for that.

Mr. DUPUIS (Translation):—in spite of the statement repeatedly made by the Postmaster General that these employees could take part in politics provided they did not do so while discharging their duties.

Mr. CASGRAIN (Translation): He shall pay for that.

Mr. DUPUIS (Translation): Mr. Chairman, there is another case to which I would like to call the attention of the hon. Postmaster General; I refer to the case of the postmaster at Laprairie. The case is familiar to him. I see him shaking his head and laughing at the same time; but I know that inwardly he does not feel like laughing.

Mr. SAUVE (Translation): I am not laughing at the case.

Mr. DUPUIS (Translation): The hon. minister is familiar with the case. I may point out, Mr. Chairman, that my intention in referring to these matters is merely to show how we in the province of Quebec have cause to be ashamed of the position taken by the Postmaster General in connection with these dismissals since he is in charge of the department. I wish to bring this before the committee because the case is typical of the practice generally followed in every constituency of the province of Quebec. Indeed, it is humiliating.

Some hon. MEMBERS (Translation): Hear, hear.

Mr. DUPUIS (Translation): When we see the conditions obtaining in other provinces, when the other members of the government as well as the former members of the cabinet, are real statesmen and are above petty politics; when we see the hon. Postmaster General stooping down to such pettiness, we are ashamed of our own province, of our race. Such policies should cease and the Postmaster

General should try to vindicate his position before the committee. That is the only reason why I rose in this committee.

Reverting to the case of the postmaster—

Mr. SAUVE (Translation): You are hurting your own party.

Mr. DUPUIS (Translation): No, I am not hurting my own party; the hon. minister is wrong in saying that. I know beforehand the argument he will resort to; he will try to claim that his predecessor in office followed the same course. Yesterday, when he intimated having made two dismissals, I protested, saying: "More unemployed", and I heard him reply: "We have precedents." I fancy that in his own opinion—

The CHAIRMAN (Mr. Bury): The hon. gentleman has spoken twenty minutes.

Mr. HEAPS: He may speak forty minutes.

Mr. DUPUIS: I once made a speech of twenty minutes, and was cut off at the wrong point. I should not like a similar occurrence on this occasion.

(Translation):

Mr. Chairman, I was saying that yesterday the Postmaster General was invoking precedents. Without admitting his argument, which is a specious one, I am wondering how such a responsible man as the Postmsater General could avail himself of a precedent in itself unacceptable. When his friends were sitting on this side of the house, it was considered by them a poor policy to dismiss employees at random, with or without sufficient grounds. But, I revert to the hon. minister's argument who claims I should not appeal to their own precedents. When my friends were in office and made dismissals, they only did so after being satisfied beyond doubt that the man was guilty of actual partisanship, and that the offence had been of frequent occurrence, day in and day out, year in and year out. Personally, I know of requests made to us, as well as to the late Roch Lanctôt, during the many years he sat in this house; I also am aware that for a period of five or six years, Mr. Lanctôt repeatedly declined to have anything to do with dismissals.

Mr. LAPOINTE (Translation): Hear, hear.

Mr. DUPUIS (Translation): And the simple reason was that as a rule, the granting of such requests for the dismissal of an employee results in an injustice being committed, and from a political standpoint, the procedure is also unsound inasmuch as for every vacancy there are as many as 20, 30, 40 applicants, and only one can be appointed. The hon. Postmaster General did not know that, but he will realize it at the next election.

Mr. CASGRAIN (Translation): He shall pay for it.

Mr. DUPUIS (Translation): I now come to the case of Césaire Gagné, a venerable old man whose only fault was that of being a Conservative. I refer to one of those requests for dismissals with which Mr. Lanctôt would have nothing to do. For a period of for four or five years, Mr. Lanctôt had disregarded the pressure brought to bear upon him, but finally as result of repeated demands from the majority of the electors in the parish of Sherrington, an inquiry was granted. I was present at the hearing, and what was the result? When Mr. Patenaude would visit the constituency, Mr. Gagné would rush to the hall where the meeting was held and act as chairman. And, it was also established that in election time the committee rooms at Sherrington were located on Mr. Gagne's premises in his own garage. Such were the political activitivities that were brought to light.

Is Mr. Noël Fontaine's case similar? Fontaine had been, during fifteen years, one of the principal Liberal organizers of Laprairie-Napierville. He was a carriage maker by trade; when automobiles made their appearance in this country, Noël Fontaine, like all other carriage makers, had to give up his trade. When the position of postmaster became vacant, Mr. Roch Lanctôt, who was of a generous disposition, deemed it his duty to help this citizen, he had him appointed postmaster. Then, quite content with his new post, Mr. Noël Fontaine notified us, previous to the election of 1930, that he was entirely through with politics, because of his age, he did not wish to jeopardize his position, the only means he had of earning a livelihood. The hon. Postmaster General is aware of these facts. Mr. Fontaine notified me of his decision. I approved of it. He did not leave the premises of the post office neither before, nor during the election, nor after, except to fulfil his duties as a citizen.

An hon. MEMBER (Translation): And, to go to church.

Mr. DUPUIS (Translation): Mr. Fontaine did not even vote. It was proved at the inquiry held that Mr. Fontaine was not present at any meeting, neither liberal nor conservative; he did not even vote. What happened? An inquiry was held—the petty system of holding investigations, which I call the paltry system of third class politicians of

instituting investigations simply with the idea and determination of creating vacancies to appoint friends. That is the attitude taken by the hon. Postmaster General.

Mr. SAUVE (Translation): This system of holding inquiries was introduced by the Liberal party, in 1923.

Mr. DUPUIS (Translation): Yes, that is a fact, but to hold serious inquiries, not the German way of investigating, but inquiries according to the principles of liberalism, to do justice to whom justice is due; not inquiries held with the well set determination of dismissing those charged with political partisanship. Not inquiries simply to cover up one's failings or simply to throw dust in the people's eyes, but real inquiries.

The inquiry held in connection with the case of Noël Fontaine constitutes the greatest injustice ever committed. Had it only been an exceptional case in the administration of the Post Office Department, I would not have mentioned it, but this is a general practice. I can say without fear of being contradicted, that in all ridings of the country, but especially in Quebec, similar cases have happened.

Mr. DUBOIS (Translation): The victim.

Mr. DUPUIS (Translation): What happened? You will find in the Sessional Paper No. 198 with reference to the case of Noël Fontaine, postmaster of Laprairie, at page 44, a letter from the Rev. Mr. Picotte, parish priest, addressed to the Deputy Minister, Mr. Gaboury. The hon. Postmaster General knows about this letter, for I must acknowledge that his deputy minister is very competent and keeps him well posted on matters concerning his department. I feel certain, without asking him, that his deputy minister drew his attention to this letter. What has the parish priest of Laprairie to say?

Mr. Noël Fontaine, the present postmaster feels anxious over certain charges lodged against him. At the request of this gentleman, who is a parishoner of mine, I am pleased to inform you that the post office is well managed and that I know of no complaint in that respect.

As to his supposed active political partisanship, I believe this charge is entirely unfounded—

This is from the parish priest himself.

—and I am led to believe that he kept entirely out of politics, not even casting his vote, which, however, is an undeniable right.

I have nothing else in mind than to protect a parishoner against charges which I believe to be unfounded.

Does the hon. Postmaster attach any importance to the letter of the parish priest of Laprairie? Not in the least!

I shall read to the hon. Postmaster General another letter, one from a friend of his, who took an active part against me in the election, he used his influence and time in an effort to elect my opponent; I am speaking of the letter of Mr. Emilien Lamarre, residing at Laprairie, an honourable citizen. He is one of my best friends during 365 days in the year, the only exception, is election day.

What has Mr. Emilien Lamarre stated in his letter addressed to the deputy minister—who must again have referred it to the hon. Postmaster General:

Sir,—

As a Conservative having taken an active part on behalf of Mr. Gustave Monet, at the last election, I take the freedom of submitting to you the following facts:

"Mr. Noël Fontaine, the postmaster of Laprairie has been charged with active political partisanship at the last election.

It is, however, acknowledged here in Laprairie that Mr. Noël Fontaine took no active part in the election and that he even did not cast his vote."

This is a Conservative who speaks; did the Postmaster General again put no faith in him? He disbelieves parish priests and even his own friends.

Mr. DUBOIS (Translation): It is a foregone conclusion.

Mr. DUPUIS (Translation):

In making this statement, I do so for justice's sake.

These are the words of Mr. Lamarre.

I trust that an old man, the father of a family, who fulfils his duty well, will not be thrown on the street, through false representations.

What did the hon. Postmaster General do? Notwithstanding these facts, Mr. Noël Fontaine was dismissed, he was thrown on the street and, to-day, this man is without work and entirely unable to work.

What were the findings of the investigations? I shall quote them. It was not shown that Mr. Noël Fontaine took an active part in politics, but the statements of the parish priest of Laprairie and Mr. Lamarre, to the effect that the postmaster had taken no active part in politics were corroborated. The evidence showed that two sons of Mr. Noël Fontaine had driven voters on election day. What is the law in this respect? The hon. Postmaster General referred me to the provisions of the act in answer to a letter I wrote him. My letter was as follows: Sir. In my interview with you last session, you assured me that Mr. Noël Fontaine would not be dismissed. Why did you dismiss him? The hon. Postmaster General in his answer stated: "I am obliged to conform myself to

the provisions of the act, with reference to the findings of the commissioners holding an inquiry." By virtue of what act? Pursuant to article 55 of the Civil Service Act, which I shall quote to the house—

An hon. MEMBER (Translation): The minister is supreme in such matters.

Mr. DUPUIS (Translation): The minister is supreme in such matters? He had not the right to act as he did, under the circumstances, because the only reason given by the commissioner holding the inquiry was that two sons of the postmaster had actively participated in the election. Who is the postmaster? The sons? I shall quote the words of the hon. Postmaster General himself when he said to me: "Those boys are not the postmaster, but Mr. Noël Fontaine is." Article 55 of the Civil Service Act reads as follows:

No deputy head, officer, clerk or employee in the civil service shall be debarred from voting at . . .

The same article continues:

. . . but no such deputy head, officer, clerk or employee shall engage in partisan work in connection with any such election or contribute, receive or in any way deal with any money for any party funds.

Was Mr. Noël Fontaine guilty of this? Was this proved at the inquiry? Not a word, in this respect, was mentioned in the findings of the commission.

An hon. MEMBER (Translation): who was the commissioner?

Mr. DUPUIS (Translation): Mr. Bruno Nantel,—a fair-minded man otherwise, but who probably had received instructions from the Postmaster General. He had instructions to dismiss Mr. Noël Fontaine, and he performed his task.

Mr. CASGRAIN (Translation): That was done everywhere, in all counties.

Mr. DUPUIS (Translation): I shall read the findings of the commissioner:

After hearing the evidence of witnesses, I find:

That the postmaster of Laprairie, Mr. Noël Fontaine, did nothing to prevent his sons, Fernand and Gérard, from participating in the contest, at the last Dominion election, the latter living under his roof and being under his control, also in preventing his wife from attending meetings, etc. . . .

Mr. RHEAUME (Translation): What a crime!

Mr. DUPUIS (Translation): That is the crime that Mr. Noël Fontaine is guilty of.

[Mr. Dupuis.]

Where is it stated in the act that the sons or the wife of a postmaster have not right to fulfill their duty as citizens?

An hon. MEMBER (Translation): It is a Tory statute.

Mr. DUPUIS (Translation):

That the postmaster sought to influence the vote of the Alfred Beaulieu family or at least that of Mrs. Alf Beaulieu, by pointing out the fact that the Beaulieu family were much more in the obligations of Roch Lanctôt, deceased, and former Liberal member, than in those of Hon. Mr. Patenaude, former federal minister, and this, on the eve of the election.

I wish to draw the attention of the house to the fact that, we Liberals, seek qualifications rather than party affiliations. I might state on my behalf that—in the findings of the inquiry the name of Mr. Beaulieu, a Conservative is mentioned—if the Deputy Postmaster was allowed to speak he would state that I, Vincent Dupuis, after being returned for the riding of Laprairie-Napierville, did all in my power to obtain a promotion for this Conservative. Why? Because he was a competent man, and that I wished to follow the example of other provinces by giving preference to competent people rather than to those with only a political record to their credit. The son of Mr. Alfred Beaulieu, who is mentioned in the findings of the inquiry was appointed to a position with a salary of $3,000 to $4,000 per year.

In contrast with this we have the stand taken by our friends opposite throughout the country but especially so in Quebec, by the hon. Postmaster General.

I, therefore, beg the hon. Postmaster General on behalf of his province, which is also mine, to amend his shabby ways, cease dismissing people for the sake of dismissing, and to rise to the level of the great political questions of the day, as he must have noted that there are, in Ottawa, questions which are worthy of his attention.

For instance, the interest which he should take in the welfare of the farming class. When the government of which the hon. Postmaster General is a member, granted a five cents premium per bushel of wheat exported by the western farmers, what did the Postmaster General do? Did he ask for the same grant for Quebec and the eastern provinces? Did he request a grant of a single cent as a premium on butter; he who talked so much of butter during the last election; he who bewailed the sad fate of farmers who were paid, at that time, only 30 to 40 cents per dozen eggs and 40 cents per pound of butter? Did he bestir himself?

The hon. Postmaster General is partly responsible for the new trade treaty with New Zealand. A five cents entry duty is levied on butter; New Zealand, on the other hand, allows a premium of 5 cents, which makes up for the entry duty levied here.

Mr. SAUVE (Translation): Is the hon. member, at present, discussing the estimates?

Mr. DUPUIS (Translation): I am referring to that subject. I state that the hon. Postmaster General has no right—

An hon. MEMBER (Translation): That is a fact, sir.

Mr. DUPUIS (Translation): —to lower himself by meddling with such petty matters.

Mr. SAUVE (Translation): I shall willingly answer questions with reference to the administration of the Post Office Department.

Mr. DUPUIS (Translation): I did not catch the hon. Postmaster General's statement.

Mr. SAUVE (Translation): The hon. member may criticize the Postmaster General on the administration of his department when the house is in committee, but he is not entitled to express all the grievances he may have against the government, he must restrict himself to the discussion on the estimates.

Mr. DUPUIS (Translation): It does not behoove the Postmaster to teach me a lesson. As he avails himself of precedents, he has but to cast his eyes around him, and he will find numerous precedents, it is not necessary for him to look across the floor, he will find more evidence of this fact on his own side. The hon. Postmaster General is not only responsible for his department but also for the other departments. I have always understood that, according to the constitution and public law, a member—the hon. Postmaster General is a member also—is not only the representative of his riding but of the whole country.

Some hon. MEMBERS (Translation): Hear, hear!

The CHAIRMAN (Mr. Bury): The hon. gentleman has spoken forty minutes.

Mr. CASGRAIN: But, Mr. Chairman, since the hon. Postmaster General put a question to him, the hon. member for Laprairie-Napierville has a right to proceed.

The CHAIRMAN (Mr. Bury): Interruptions are not counted in the forty minutes; necessarily they cannot be; and in any event the hon. member has had his full forty minutes.

Mr. DUPUIS: Mr. Chairman, as your decision constitutes a precedent, I should like a ruling of the house. The rule, I think, is to the effect that when a member speaking in committee of the whole is stopped by another member, who in his turn makes a speech, the previous speaker has the right to speak again for forty minutes.

Mr. CASGRAIN: We ask for a ruling.

The CHAIRMAN (Mr. Bury): That is not what happened. The hon. Postmaster General made some remarks, not a speech.

Some hon. MEMBERS: He made a speech.

The CHAIRMAN (Mr. Bury): It was not in the nature of an interruption of the speech to the extent of giving the hon. member for Laprairie-Napierville the right to speak for another forty minutes.

Mr. VENIOT: The hon. member for Laprairie-Napierville having sat down, there is no rule to prevent his getting up and speaking again now.

Mr. DUPUIS: The hon. ex-Postmaster General was so treated a few minutes ago. His forty minutes had expired, another member rose, and after he sat down the ex-Postmaster General spoke again. I do not know whether there are two standards of weights and measures in this house—one for the Tories, another for the Liberals; I do not think so. However, I desire to speak for only a few minutes, and I will proceed in French.

(Translation):

Mr. Chairman, I have but a few words to add. I do not think that the Postmaster General is very convinced of the wisdom of such a policy and I hope he regrets now the way he acted under pressure from his friends.

Mr. LAPOINTE (Translation): He has the regret but not the firm resolve.

Mr. DUPUIS (Translation): I trust that he will have the firm resolve and that—

The CHAIRMAN (Mr. Bury) (Text): Am I to understand the hon. member is now finishing his speech.

Mr. DUPUIS (Text): Yes, I suppose the chairman is following me all right? I am making my concluding remarks. (Translation) I was saying that the hon. Postmaster General must now regret his shabby political policy.

Mr. SAUVE (Translation): The hon. member is now laying a charge against the former Postmaster General.

Mr. DUPUIS (Translation): I beg your pardon, I did not catch what was said.

Mr. SAUVE (Translation): The hon. mem- is laying a charge—

An hon. MEMBER (Translation): I am no more there.

Mr. DUPUIS (Translation): I wish to find out what the Postmaster General said.

Mr. SAUVE (Translation): The hon. mem- is laying a charge against the former Postmaster General.

Mr. DUPUIS (Translation): He will soon again be the Postmaster General. Is that what the hon. Postmaster General wishes to know?

Mr. SAUVE (Translation): What beautiful language!

An hon. MEMBER (Translation): It is prophetic.

Mr. DUPUIS (Translation): I may say to the hon. Postmaster General that should he not be reelected at the next election, it will be no misfortune for the country which does not seem greatly satisfied with him.

I therefore beg the hon. Postmaster General to abandon this petty policy, I beg of him not to continue making shabby dismissals which have been far too numerous to date, and this, on behalf of my province. I further beg of him to follow the example set by Quebec members and be sufficiently broad-minded to take an interest in questions which concern the whole country, and as I stated, especially those relating to the farming class, in fact to all classes of society, and this, not simply by speeches on hustings, at election time. As the Postmaster General holds an important post in the Cabinet I trust that he may use his influence and that of his province, one of the oldest of confederation, to obtain for it the same advantages which are granted to the other provinces.

Mr. RHEAUME (Translation): Mr. Chairman, on February 18, last, the hon. member for Megantic put a number of questions to the Postmaster General with reference to a Mr. MacKinnon who travels all over Quebec and Canada, for the purpose, I think, of obtaining $5 subscriptions. According to Hansard of April 14, 1932, I find that there was sent to mail contractors on July 19, 1927, a notice which ends as follows:

Mr. MacKinnon obtains money under false pretences when he threatens the mail carriers to have their contracts cancelled, while at the same time making promises to them.

S. Tanner,
Administrator of the District of Quebec.

[Mr. Sauvé.]

I wish to inquire from the hon. Postmaster General what steps he intends to take in this matter. When I read in Hansard of February, 1932, the questions put by the hon. member for Megantic (Mr. Roberge), as well as the answers to these questions, I wrote personally to the 42 mail contractors of the county of St. Johns-Iberville, to inquire whether they had had the visit of a person named Garfield MacKinnon, requesting them to subscribe $5 to form part of a mail carriers' association. I received their answers and, out of 42, I find that 38 have paid the sum of $5 to Garfield MacKinnon. I have in my possession about thirty receipts given to mail contractors of my county.

May I ask the hon. Postmaster General what steps he intends to take with reference to Mr. Garfield MacKinnon, who for the last ten years has been travelling throughout the country exploiting mail carriers. This same question has already been put by the hon. member for Megantic. The latter's speech on April 14, last, showed that the defeated Conservative candidate in Megantic, at the last dominion election, had approved of the mail carrier's meeting held by MacKinnon for the purpose of obtaining subscriptions. I think that, after all the information gathered, the Post Office Department should act. The hon. Postmaster has always been a champion of the farming class; he is also aware that most, if not all, of those who hold mail contracts are farmers. I have here a letter from a widow residing in my county who paid $5 to this person. He has been living at the country's expense for the last 12 years, by soliciting $5 subscriptions. He went through the county of St. Johns-Iberville, during the first days of December and I think, he visited the county of Megantic in the month of January. It would only be fair and reasonable that instead of dismissing employees, the Post Office Department and particularly the Postmaster General should look into the case of Garfield MacKinnon who obtains money under false representations. I heard that his case had been investigated. I wish to state that more haste was shown in holding inquiries against public officials charged with political partisanship, especially in my county. A public employee was charged with having taken an active part at a political meeting, in August last. Two days after a commissioner called on him; a mockery inquiry was held and as the commission had instructions to find him guilty, he was dismissed.

Previous to resuming my seat I wish to inquire whether the government intends to

have MacKinnon arrested; the latter has been roaming over the country for more than twelve years robbing mail contractors.

Some hon. MEMBERS (Translation): Answer!

Some hon. MEMBERS (Translation): Carried.

Some hon. MEMBERS (Translation): No.

Mr. SAUVE (Translation): Mr. Chairman, I wonder to whom I should first reply.

Mr. DUPUIS (Translation): Laprairie is quite close to Two Mountains.

Mr. SAUVE (Translation): Will you allow me to answer? The hon. member for Winnipeg North Centre asked some questions a short while ago. He made a few remarks and intended to make others. The hon. member for Laprairie-Napierville made a long plea—

An hon. MEMBER (Translation): Which impressed me strongly.

Mr. SAUVE (Translation): —in connection with a number of dismissals. The hon. member for St. Johns-Iberville (Mr. Rhéaume), without giving me an opportunity to reply the hon. member for Napierville, puts to me a series of questions.

Mr. CASGRAIN (Translation): That is unfair.

Mr. SAUVE (Translation): Since I have but five minutes left to reply, I shall begin by answering the last speaker and I shall reply to the hon. member for Napierville tomorrow. The hon. member for St. Johns-Iberville contends that this man MacKinnon has been operating in Quebec, for the last ten years.

Mr. RHEAUME (Translation): Twelve years, since 1920.

Mr. SAUVE (Translation): He was then at work when our hon. friends opposite were in power. The hon. member for Gloucester (Mr. Veniot) who was Postmaster General then, is also a friend of the farming class, he however, allowed this MacKinnon to carry on as he is doing to-day. I take it for granted that the hon. member for St. Johns did not wish to charge the member for Gloucester, then Postmaster General, with sacrificing the farmers' interests or illtreating them. Why did the former Postmaster General not act then? I shall inform the hon. member: it is because he had no legal right to do so. I cannot blame the former Postmaster General; he was right. This man MacKinnon is a former employee of the Post Office Department. He wants to organize a mail contractors' association. He is entitled to do so. He is free to carry out his plans and the Postmaster General has no right to interfere by having him arrested. If there is ground to take proceedings, it behooves the Justice department to do so, but even the latter department—such is the information I have gathered from the department's legal adviser —cannot interfere.

An hon. MEMBER (Translation): What is his name?

Mr. SAUVE (Translation): Mr. MacKinnon calls on mail carriers, invites them to join the association, promising them protection and requests a contribution of $5 to found and maintain the association.

Mr. CASGRAIN (Translation): This is rather high in these hard times.

Mr. DUPUIS (Translation): Will the hon. Postmaster General allow me to ask him a question? Is it not a fact that this Mr. MacKinnon contends that he is acting under the authority of the Post Office department.

Mr. SAUVE (Translation): No, I am not so informed.

Mr. FERLAND (Translation): Was he not accompanied by the hon. member for Richmond-Wolfe (Mr. Laflèche), so as to advertise his association in the county of Richmond Wolfe?

Mr. SAUVE (Translation): I am not aware of this.

Mr. CASGRAIN (Translation): He shot through like an arrow (la flèche).

Mr. SAUVE (Translation): I wish to be fair, I have no interest whatsover to shield this Mr. MacKinnon; however, the department looked into the matter, and I drew the attention of the officials in my department to the speech of the hon. member for Megantic, the latter was given the reasons why we could not act.

Mr. RHEAUME (Translation): Yes, I have them here.

Mr. SAUVE (Translation): He cannot contend, therefore, that we acted in bad faith. I think that we supplied him with all the explanations which he required. Again, I state that if it can be shown to me that it is

possible to take proceedings against MacKinnon, I am ready, on behalf the Post Office Department to do everything possible. In a number of cases as much as my authority permitted me, I intervened; however, I am not as imprudent as to overstep my powers.

Mr. DUBOIS (Translation): Did the Postmaster General notify the rural mail carriers to be on their guard against this man MacKinnon?

Mr. SAUVE (Translation): Certainly. All inspectors were notified. On March 8, 1932, we wrote to all inspectors.

Mr. CASGRAIN (Translation): It was somewhat late.

Mr. SAUVE (Translation): It was also late, three years ago. He had been carrying on this business for 9 years.

Mr. DUBOIS (Translation): Better late than never.

Mr. RHEAUME (Translation): Does the hon. Postmaster General, according to his argument, contend that a person is entitled to roam over the country stating: we shall found an association and you shall contribute $5 towards it? He did this for ten years. No association was ever founded. He can be of no benefit to mail contractors. I have in my possession letters in which this Mr. MacKinnon contends that he is so authorized by the Post Office Department.

The government should have this gentleman arrested, order an inquiry and summon witnesses.

The following is what one letter contains:

In answer to your letter with reference to Mr. Garfield MacKinnon, I must say that he called at my house on December 1, 1932. He stated that he was a mail carrier in Ontario, working on behalf of mail carriers with the approval of the Prime Minister (Mr. Bennett) who had promised him a salary increase for all mail carriers.

This Mr. MacKinnon, requests a contribution of $5 from all members of the association.

Here is a gentleman, who travels through the rural districts and obtains money under false representations. He makes use of the Prime Minister's name, and contends that he is the president or secretary—sometimes he is president and at other times secretary—of an association which has no existence. A person who obtains $5 worth of goods under false representations, is arrested, and here is a person who, in the county of St. Johns-Iberville alone, enticed 38 mail contractors out of a 42, and obtained $190—he enticed a few hundreds in Megantic county—yet the Post Office Department has no authority to have him arrested and take proceedings against him.

Mr. SAUVE (Translation): In reply to the hon. member—I suppose that he expects a reply—I do not think that the department can take legal proceedings against this person simply because he wishes to found an association and charge $5 to each member. I should like to have the views of the former Postmaster General on this matter. He studied this question himself, when he was Postmaster General and must have reached the same conclusion as I have this evening.

Mr. GIROUARD (Translation): If the hon. Postmaster General will allow me, it is the first time that I hear a minister state that people can roam over our rural districts, make false representations and obtain money on the strength of it, it is the first time, I say, that I hear a minister of the crown state that the law cannot reach these people. The hon. Postmaster General stated a short while ago that it was amazing that this man had not been arrested before. I may say to him that up to this year, it had been impossible to obtain conclusive evidence, clear proof of false representations made by this Mr. MacKinnon. This year, thanks to the activities of the hon. member for Megantic (Mr. Roberge), evidence has been supplied to the Postmaster General, evidence which shows that MacKinnon visited our rural districts, that on three particular occasions he obtained money by threatening the mail contractors that unless they subscribed $5.00 each they would lose their contracts. The hon. Postmaster General has three affidavits in this respect. He is therefore, to-day, in possession of sufficient evidence to have this man arrested. The hon. Postmaster General cannot contend to-day, that under the Liberal regime, we did not carry out our duty.

Mr. SAUVE (Translation): I do not contend that.

Mr. GIROUARD (Translation): The hon. Postmaster General must realize that it is always difficult to obtain the necessary proof in such cases, and it is only lately that the department has been able to obtain them. There is no doubt that MacKinnon obtained money under false representations. I feel certain that the Postmaster General has not given the question the attention it deserves. we shall again take up the matter to-morrow...

Mr. CASGRAIN (Translation): He will think it over.

Mr. GIROUARD (Translation) ...and I shall inquire from the Postmaster General what he intends to do with reference to this person.

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

Friday, April 29, 1932

The house met at three o'clock.

DRY DOCKS AT TADOUSSAC

Mr. PIERRE-F. CASGRAIN (Charlevoix-Saguenay) (Translation): Mr. Speaker, I have the honour of presenting a petition from the citizens of Tadoussac, in the county of Charlevoix-Saguenay, requesting government aid in connection with dredging at the Tadoussac dry docks.

PRINTING OF PARLIAMENT

Mr. S. C. ROBINSON (West Essex) moved that the second report of the joint committee of both houses on the printing of parliament presented to the house on Wednesday, April 27, be concurred in.

Motion agreed to.

UNEMPLOYMENT AND FARM RELIEF

Right Hon. R. B. BENNETT (Prime Minister): I beg to lay on the table on behalf of the Minister of Labour, who is confined to his house to-day, orders in council Nos. 958, 972, 973, 974 and 975, all dated April 28, 1932. One of the orders in council refers to the regularizing of the undertaking in connection with the Manitoba savings office. Another deals with the advance made to Saskatchewan for the purchase of seed grain; another with the advance made to the province of Manitoba for the purchase of seed grain, and another with the advance made to the province of Alberta for the purchase of seed grain. The others deal with the ordinary contracts.

GRAIN CHARGES AT CHURCHILL

On the orders of the day:

Mr. B. M. STITT (Nelson): I desire to ask the Minister of Railways a question based on an article which appeared in MacLean's magazine under date of May 1, under the title of "Churchill a Mistake." I do not intend to burden the house by reading the whole of this ridiculous article, but I just wish to say in passing that the article in question is the most distorted conglomeration of wild guesses and half truths that ever appeared between the covers of any magazine in the history of journalism in Canada.

Mr. SPEAKER: Will the hon. gentleman put his question?

Mr. STITT (Nelson): The paragraph on which I wish to base my question, Mr. Speaker, appears on page 12 and reads:

> The test shipments of 545,000 bushels of wheat made from the new seaport last September cost the taxpayers of Canada over $1 per bushel for the Churchill grain elevator alone.

The question I would ask the minister is just how much truth is there in that statement?

Hon. R. J. MANION (Minister of Railways and Canals): Of course the handling of grain through an elevator does not cost anything like $1 per bushel, and if the article in question is referring simply to the handling of grain I would say that that costs around one cent or a little more per bushel. I did not see the article and I do not know whether it is including interest and maintenance charges, and so forth. But so far as the handling alone of grain through an elevator is concerned it costs from one cent to one and one-half cents per bushel to handle it through the elevator, leaving out any storage charges.

PRIVILEGE—MR. SMITH (VICTORIA-CARLETON)

On the orders of the day:

Mr. B. F. SMITH (Victoria-Carleton): I wish to correct an impression left on the house last night by the hon. member for Gloucester (Mr. Veniot) in connection with the post office at Lakeville. The words to which I refer appear at page 2472 of Hansard, where he states that when Barter came back from overseas he became assistant postmaster at Lakeville, and that when the postmaster died Barter applied for the position of postmaster, and he was appointed to that position in 1930.

I wish to correct that statement, Mr. Speaker. I know that the hon. member for Gloucester would be the last man in the house who would want a statement to go out which was not correct, and the statement in question is not correct. The postmaster referred to is still alive, but was dismissed by the ex-Postmaster General for political reasons.

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, I can correct any mistakes I make without depending on the hon. gentleman.

LAUNCHING, P.E.I., WHARF

On the orders of the day:

Mr. A. E. MacLEAN (Prince): I have received a number of letters and telegrams to date urging that repairs be made to the wharf at Launching, Prince Edward Island, in time so that the farmers will have a chance to move their fertilizer over that wharf, and I would ask the minister to take these representations into his early and favourable consideration.

Hon. H. A. STEWART (Minister of Public Works): I can only say in reply to the hon. gentleman that I have no knowledge of the situation at this particular wharf, but I will have inquiries made and see what can be done to remedy any defects which may exist.

NEW ZEALAND TRADE AGREEMENT

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved the second reading of Bill No. 62, respecting a certain trade agreement between Canada and New Zealand.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, before the discussion begins on the second reading of this bill, may I ask the government if they have considered a point which came up when we were discussing the Australian treaty. The Prime Minister at that time drew the attention of the house to the fact that where there were certain resolutions to be passed by the committee of ways and means which affected the treaty, they must be passed before the bill respecting the treaty itself would be considered. I do not mention the point to create embarrassment in any way, but where there is a rule of procedure attention ought to be drawn to it. I have before me the Prime Minister's words on the point as they are recorded in Hansard of July 15, 1931, at page 3770, as concerned the Australian treaty. My right hon. friend said:

> I consulted the clerk at the table with respect to the matter, and he advised me that under the practice of this house the bill should not be proceeded with until such time as the tariff items in the agreement had been sanctioned by the committee, following which the bill to confirm the agreement will be introduced.

A little later on he said:

> These resolutions are now before the committee of the house, and the proper course is to take no further step until the committee have completed consideration of the resolutions which were placed in the votes and proceedings the other evening and proceeded with yesterday by consent of the house, for which I thanked the right hon. gentleman yesterday since it enabled us to advance practically all the items.
>
> I think there are very few items outstanding: we will dispose of those this afternoon.

[Mr. Veniot.]

To make clear that I am not seeking to embarrass the situation in any way, I would suggest that if there is any such regulation the procedure might be regularized if the house went into committee on the resolutions and took in advance up the one or two items that are mentioned. This may not be necessary; I am not sure.

Mr. BENNETT: I think the right hon. gentleman in this instance overlooks at least the fact that the items of wool and hides are not in the treaty at all, and therefore as far as the treaty is concerned may not be dealt with. It was because of difficulties of that character that they are in separate resolutions, which will be introduced by the Minister of Finance, and of which notice has been given as appears from the records of the house. Therefore the difficulties to which the right hon. gentleman refers do not arise.

Mr. MACKENZIE KING: The items, however, have been placed as they are in the resolution in consequence of something that has been done under the treaty?

Mr. BENNETT: Yes, that is another thing. However, they are not in the treaty.

Mr. MACKENZIE KING: Thank you.

Hon. JAMES MALCOLM (North Bruce): Before the Minister of Trade and Commerce proceeds with the second reading of this bill, cannot he make to the house a statement with regard to the general principles of the treaty? The desirability of a treaty with the sister dominion of New Zealand is not at all controversial. I believe the country has received with considerable satisfaction word that a treaty has been concluded, and I also believe both political parties are glad that a treaty has been consummated.

Mr. BENNETT: Perhaps I might help the hon. gentleman. It was the intention of the Minister of Trade and Commerce in moving the second reading of the bill to make a statement. Perhaps my hon. friend did not observe that he was about to do so.

Mr. MALCOLM: Thank you.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, in moving the second reading of this bill it is not my intention to go into any elaborate explanation of it. I thought the best procedure would be merely to make a very brief statement, and then when the house is in committee we shall have the material on hand to deal with any questions that may need elucidation.

The new trade agreement with New Zealand is a very simple arrangement. It includes two

principles, which perhaps are somewhat new in trade agreements. One of them is in the Australian agreement. It is a protective clause which permits the two governments by mutual agreement to come to an understanding upon any one item that might temporarily cause embarrassment to either country. We think it is a very happy addition to trade agreements, and our experience in connection with the Australian treaty has carried out our expectations in that regard. The other principle in the New Zealand treaty, which is not included in the Australian treaty, and which we also think is of merit, is that it is possible for either country to vary the rate of duty on any item in the schedule upon giving notice to the other contracting party. Of course they are at liberty to vary the rates of duty in the tariff generally. So that the treaty is a little more elastic than any treaties that have been entered into by this country with other countries in times gone by. By this process we confidently hope that we shall avoid the necessity of abandoning what may be recognized as, generally speaking, a good agreement because of some difference over any one or more items. That is virtually all that is new or different in this agreement from any other trade agreement.

I should like to add this further observation, that the terms of this treaty have been arrived at after careful consideration by the representatives of both dominions, and we believe it represents the very best that can be secured, having in mind the interests and the rights of each country. It must be obvious of course, and no doubt is present in the minds of all hon. members, that to any bargain there must be two parties, and that neither party can expect to have everything precisely suitable to its interests and its views.

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: The representatives of the two dominions have endeavoured to arrive at what is thought to be fair and equitable and acceptable to both parties.

There is this also to say—and I think the house and the country should recognize it at once—that Canada being numerically and in the magnitude of its business the larger of the two dominions, naturally has perhaps a greater share in what trade will result from this interchange between the two dominions. Furthermore our products are very much more diversified, and in the manufacturing lines of course tremendously more advanced, than those of New Zealand. Consequently we shall perhaps profit more by the treaty in the volume of trade than it is possible for New Zealand to do. That was recognized from the commencement. On the other hand, there are a number of articles in New Zealand of comparatively minor importance in which not much trade has developed in the past, but which we hope may develop considerably. These are items which do not conflict in any way with the products of Canada, but in relation to which up to the present very little trade has resulted. The expectation is that by settling between ourselves the status of trade benefit will accrue to both parties. I repeat also what I said the other day when the resolution was before the house, that we must not lose sight of the fact that in both instances each country accords the other the full British preference on items not recited in the schedules.

These are briefly and very sketchily the main features of the treaty. It is not with any desire to be discourteous to the house that I do not make any extended statement now; I feel it will be better to leave detailed explanations to the more informal procedure in committee of the whole, when I shall be very happy indeed to reply to any questions that may arise.

May I add this statement? Naturally we are anxious to conclude this matter as early as possible and to get the treaty into operation from Canada's standpoint for this reason above others, that this is particularly the buying season in New Zealand and in expectation of the treaty many orders are outstanding waiting the conclusion of the treaty, and it will be a distinct advantage to both countries to have it concluded at the earliest moment.

I wish therefore, Mr. Speaker, to move the second reading of the bill and to reserve to the committee stage any detailed remarks.

Hon. CHARLES A. STEWART (West Edmonton): Mr. Speaker, would my hon. friend mind enumerating briefly some of the more important commodities in the interchange of which we hope to obtain a larger volume of trade with New Zealand.

Mr. STEVENS: I should be happy to give all the details but I do submit that it would be better to let that matter rest until we come to the schedules.

Mr. STEWART (Edmonton): May I point out to the minister that he has been dealing with this matter for over a year, while the members who are interested have had it before them for only twenty-four hours. It is not easy, as my hon. friend will readily understand, to appreciate difficult schedules such as these and be able to ask intelligent questions in connection with them. It does appear

that we might be given some information now. I should not like to say what are my impressions of this treaty at the present time because they may be entirely wrong, but I think my hon. friend might indicate briefly some of the important commodities which are affected, and how they are affected as compared with the treaty which was cancelled.

Mr. STEVENS: I submit this is getting to a strictly committee stage and, if the hon. member would agree, I would very much prefer to deal with those questions in committee where we can talk very frankly. I hope we will go into committee very quickly; at this stage it would be difficult for me to answer the queries that may be directed by hon gentlemen opposite. I hope the house will agree to that.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—short title.

Mr. POULIOT: On this section I desire to say a few words with regard to this legislation. First I offer my sincere congratulations to the Minister of Trade and Commerce and to the government as a whole for trying to improve conditions of trade in this country. That requires courage, and I am very glad they have shown that courage.

As the minister pointed out, a treaty is nothing more than a bargain; on the one side one country sells and on the other side that country buys, and the bargain must be satisfactory to both sides. Those are elementary principles with which everyone is familiar. But may I point out, quoting from memory since I have not the exact page of Hansard, that during last session I heard the Prime Minister say he had some anxiety about our trade with the Antipodes. In that respect may I say he had no one but himself to blame. What I am about to say now is nothing unpleasant; I simply desire to recall what was said during the last campaign by the right hon. gentleman and others. Yesterday I would not have made these remarks, because of an event in which we all rejoiced and which made the Prime Minister's face beam, but to-day it is different; we are about to examine cold facts. I quote from the Montreal Gazette of June 14, 1930, where I find a news item headed "Promises Repeal of Treaties Bad for Agriculture." The article is by Thomas Green, staff correspondent for the Canadian Press, and is dated Calgary, Alberta, June 13, 1930:

In clear and emphatic terms, Hon. R. B. Bennett, Conservative leader, last night gave his pledge that if returned to power every treaty entered into by the Liberal government injurious to Canadian agriculture would be abrogated.

Canada, the Conservative leader declared, had been placed in a position of importance in respect to the tariff on agricultural products under treaties made by the Liberal administration.

"I pledge myself that every treaty entered into by the government harmful to Canadian agriculture will be abrogated if I am returned to power," he exclaimed.

Mr. Bennett scored the government for discontinuing aids to agriculture.

And so on. On July 14, 1930, according to the Montreal Gazette of July 15, the Prime Minister addressed a meeting in Sherbrooke, Quebec. One of the sub-titles of the newspaper article is "Dairymen need help." Speaking of the people who attended the meeting the article states:

They were not all Sherbrooke people. Far from it. There were many city folks, but also dairymen, from various parts of the townships, who wanted to hear some one with authority talk to them of the grievance they had so much at heart, namely New Zealand butter, for the eastern townships and Chateauguay-Huntingdon are the parts of this province which have their very existence in dairying, and many of them have been following the will-o-wisp of American trade, and when the United States put an end to this trade found themselves captured in the rear by New Zealand butter. So the dairymen were out in force.

At that meeting the right hon. Prime Minister is quoted as having said:

Do you think this government of ours has any right at all to make treaties? asked Mr. Bennett, as he proceeded to tell how the countries with which Mr. King has made treaties had raised their duties against Canadian wheat and other primary products. In all treaties the rights of Canadians had not been safeguarded, said the speaker.

The report of the meeting ends there; it is too bad it is not extended.

I wish the house clearly to understand my point. I do not blame the government for bringing in this legislation; I said that in my first remarks, and I repeat it, but during the election the stump speakers of the Conservative party were saying from every platform in the province of Quebec that if the farmers were in bad shape it was because of the New Zealand and Australian butter that was coming in, and that it was a gross mistake on the part of the government, almost amounting to treason, to let that butter enter Canada. I see my good friend from South-east Grey

(Miss Macphail), some hon. members from Nova Scotia and others from different parts of Canada and I am sure they heard the same thing in their constituencies. I see my good friend from Compton; I am sure he made the same statements. In addition, since the opening of this parliament I have heard that view expressed by my hon. friend from Lanark (Mr. Thompson) who was formerly a director of the Ontario dairymen's association, by the hon. member for Brome-Missisquoi (Mr. Pickel and by the hon. member for Chateauguay-Huntingdon, (Mr. Moore) who all said they were against the importation of butter from the other dominions. I respect their views; I do not ask them to vote against the legislation before us to-day, but during the whole campaign the farmers were told that it was a great mistake to import so much butter from outside Canada.

Why did we import butter? Canada imported butter to a large extent—I will not quote the figures because they are well known to every hon. member—because production was not equal to consumption. It was because, when President Hoover introduced his high tariff legislation in the United States, the farmers of Maine, of New York and other states came to Canada to buy Canadian cattle. Our breeders were offered high prices for their cattle, and they sold them, and as they had less cattle the production of milk and butter consequently declined with the result that we had to import these commodities, so that the gap between production and consumption had to be filled. Tourists were coming to this country and spending, at that time, according to the statistics, two hundred million dollars, and when they asked for butter we could not expect to offer them axle grease. That is why butter had to be imported from the other dominions; the reason was that production had gone down in this country. That has been clearly explained. At that time, notwithstanding imports of thirty or forty million pounds, the price of butter was twice what it is now. In 1929, the price of butter, as quoted by my hon. friend from Stanstead (Mr. Hackett) last year, was 38·1 cents odd—I am speaking from memory. In 1930 it was 31·60, according to the figures the hon. gentleman gave last year. But when my hon. friend gave his figures of imports and exports he forgot to mention production, which, of course, is an essential point, and it was my hon. friend from Gloucester (Mr. Veniot) who noticed this omission and brought it to the hon. gentleman's attention. A day or so after that I came in with the statistics showing that if we had to import butter it was because, as I have just pointed out, our production was not equal to our consumption. I will not insist any more upon that; it is elementary. But during the last election every Tory speaker in every rural constituency where cattle are bred told the farmers that the Mackenzie King government has to be blamed for such importations. My hon. friend the Postmaster General (Mr. Sauvé) took this attitude. The Minister of Marine (Mr. Duranleau) who is one of the ablest dairymen in Quebec, did the same. The hon. gentleman confounds water with milk—the salt water of the St. Lawrence. All these hon. gentlemen, including, I have no doubt, the hon. member from Long Lake (Mr. Cowan), said to the dairymen of the country, "You farmers are in bad shape because the Mackenzie King government is importing so much butter." An hon. member whose constituency I have forgotten, but who seconded the address in reply to the speech from the throne at the first session this government was in power, also told the farmers that the King government was responsible for bringing in so much butter. I see my hon. friend from Compton (Mr. Gobeil); I am sure he said the same thing and promised to have the situation righted. He is too honest to deny it. He said to the farmers, "If you are not selling your milk and butter at a high enough price, it is because the King government is importing so much butter from Australia and New Zealand." But what did it profit the farmers here to have a Canadian market if they could not sell their butter at a reasonable price? They were not getting as reasonable a price as some people near to my hon. friend are getting for their preserves. I see my hon. friend from Pontiac (Mr. Belec); he too, I am sure, said the same thing. Now, I do not suggest that they did not make these statements in good faith. I see my hon. friend from that fine constituency of which Prescott is the county seat (Mr. Casselman); his attitude was the same. I had occasion to speak in a certain Conservative parish, a beautiful little place, and to discuss the butter question with a distinguished lawyer from Montreal. For the first twenty minutes I spoke only about butter; I did not discuss any other subject. In his thirty minutes that gentleman was very much embarrassed to give any reply because my quotations were from Hansard; immediately after I had finished the quotations I gave him the volume so that he might make himself familiar with the situation. But

he had nothing to say in reply. Again I ask, What does it mean to the Canadian farmer to have a market in this country if he does not receive a decent price for what he has to sell?

Mr. GOBEIL: What about other markets?

Mr. POULIOT: My genial friend is following in the footsteps of the Prime Minister; when he is asked a question which he cannot answer he asks one himself.

Mr. GOBEIL: I am not ashamed.

Mr. LAPOINTE: He admits it.

Mr. POULIOT: I do not wish to be disagreeable to the hon. gentleman, but he knows that on every platform members of his party were saying to the farmers that the reason they were not getting a decent price for their butter was that the Mackenzie King government was importing so much of this commodity from Australia and New Zealand; it was because of the competition. Was not that what was said?

Mr. GOBEIL: At the time, yes.

Mr. POULIOT: I thank the hon. gentleman for his admission; he is a very good witness. But he is more candid than he was when that statement was being made. At that time he was either dishonest or ignorant, and I do not know whether it is a greater insult to be called ignorant or otherwise.

Mr. GOBEIL: Coming from you, it does not matter.

Mr. POULIOT: Nescient, perhaps. I met these people on every platform, and this is what they were saying: "Shame to those in power! Let us put a stop to this." I see an hon. gentleman from one of the constituencies in British Columbia. He is interested in this matter and I am sure that he will tell us that in that province the catchword given by the then leader of the Conservative party, the present Prime Minister, was, "We will abrogate these treaties as soon as we come into power." But there was no necessity to abrogate them because Mr. Dunning, the Minister of Finance of that day, had declared on May 1, 1930, in the course of his budget speech, that he had given notice to the governments of New Zealand and Australia that the agreements would come to an end after six months' notice. But what was most important was this, that we had then a very good trade with Australia and New Zealand; those dominions were purchasing many commodities from us, such as pulpwood, paper and so forth. The reason Mr. Dunning did not cancel the treaties completely but intimated instead that they would be concluded in six months was that he wished to have some satisfactory agreement evolved in the meantime at the Imperial conference of 1930, so far as these two dominions were concerned. It was most essential that we should retain our trade with these dominions, and what I sincerely regret is that at the time the present government came into power a serious mistake was made through the absence from his department of the Minister of Trade and Commerce. That minister was ill, and I do not know which one of his colleagues took charge of his department, but a mistake was made by someone who knew nothing about trade. I am sure that if the Minister of Trade and Commerce had been in Ottawa, things would have been very different, and this country would have kept its trade with New Zealand and Australia, so that it would not have been necessary to introduce this legislation this year. These arrangements should have been made last year according to an agreement previously entered into at the time of the Imperial conference. However, we must take things as they are. I congratulate the Minister of Trade and Commerce upon being persuasive enough to make the Prime Minister understand that trade with other countries is essential and that the Canada first policy, the erection of high tariff walls around this country, is a mistake which should be remedied.

I come again to what was said on the Tory stumps during the last campaign. It was stated l'agriculture se meurt dans la province de Québec—agriculture is dying in the province of Quebec. This was the statement made by the hon. member for Compton (Mr. Gobeil), the hon. member for Pontiac (Mr. Belec), and by other hon. members from the rural constituencies and I have no doubt the hon. member for Long Lake said the same thing.

Mr. COWAN (Long Lake): I never heard of it.

Mr. POULIOT: I know my hon. friend would not be saying that in French, but I have no doubt he said it in English. He would not complain that agriculture was dying in the province of Quebec, he would rejoice in it. Probably he issued circulars to the effect that agriculture was dying in the province of Saskatchewan. There is one minister of the crown, the Postmaster General (Mr. Sauvé) who understands the French language, and I am sure he is fully aware of what was distributed during the last campaign by the central Conservative office. I heard so much during the last campaign that I cannot help

but quote from the publications issued by the Tory party in Quebec. One of these reads as follows:

(Translation)

Australian Treaty—Dairy Industry

The Canadian market has been handed over to the Australian farmers; we are permitted to sell our printing machinery, automobile parts and paper on the Australian market. It is a bargain of dupes.

Canada is an agricultural country and we should keep our domestic markets for the benefit of our farmers.

In order to obtain advantages abroad for three Canadian industries, we sacrificed to Australia our dairy industry and home markets, and this, to the detriment of our farmers who make up 63 per cent of our population.

This Australian treaty, at its face constitutes an economic error; at least the King government could put up the plea that Australia had conceded to us certain advantages.

* * *

To-day, owing to the shortsighted policy of the Dominion government, our dairy industry has been ruined through intensive competition by New Zealand; the millions of dollars paid out to protect our farmers serve in transporting to our markets, in cold storage, thanks to Canadian grants, butter and other foreign dairy products.

The disbursements made by our people are utilized to develop foreign dairy industries, to our detriment.

How can we explain such a faulty system?

This is the reason for the order in council benefiting New Zealand, and the treaty favouring Australia.

I try to follow the teachings of the Lord by loving my neighbour as myself but I find that although I may love Tories, I cannot love Toryism. Most of the Tories I know are very likeable, but Toryism is very hateful. I quote again:

(Translation)

Canadian modern liberalism has set in motion a system of administration disastrous in its effects, which, however, affords to the leaders of the system an opportunity of praising up the government by displaying the seemingly genuine results of an artificial prosperity. Our natural resources were exploited without discretion or discernment, to the advantage of foreigners and to the detriment of our people. Our forests have been cut without making any provision for reforestation; our Liberal governments granted vast timber concessions; the keen competition of timber limit owners, created an overproduction of paper, and the market being unable to absorb the entire output, manufacturers had to lower their prices. This decrease in prices made the payment of interest on bonds issued, uncertain, resulting in the discontinuance of dividends on preferred and common stocks. Finally we had to solve what is known as "the paper crisis."

Federal Liberalism to avert the disaster which threatened provincial Liberalism, had to find markets for the overproduction of our paper and thus preserve the profitable friendship of timber limit owners.

The Liberal party was doing its best to improve trade in connection with paper, pulpwood and so on, but because of this action it was strongly attacked. The article continues:

(Translation)

There lies the reason of the Australian treaty, it explains the order in council granting to New Zealand, without receiving anything in return, the same advantages that we had conceded to Australia in schedule II of the treaty.

Liberalism boasts of being the true and disinterested protector of all that is dear to us, yet it sacrificed lightly the vast natural resources that Providence had placed at our disposal. Liberalism boasts of taking a great interest in the farming class of our province, yet it sacrificed the dairy industry of Quebec to the benefit of the New Zealand farmers. Liberalism loudly proclaims its ostentatious patriotism; it also gave evidence of being very fond of the people at election time, only to obtain their support and vote. Liberalism exhausts its lungs in proclaiming its disregard of private interest, yet it leaves the masses in the lurch so as to set aside for its own advantage the farsighted and generous friendship of the privileged few whom it has gorged with favours of all kinds, in order to enable it, when the opportunity arrives, to draw from them election contributions of which it is so fond. The country is bled to death, Liberalism is maintained in power.

As I see a good Liberal with the hon. Postmaster General, I shall inquire from each of them, whether it is not a fact that, in their respective counties, the Conservative party distributed this campaign literature? They are unable to deny the fact.

The following is another extract of this document:

(Translation)

Agriculture is dying: who killed it?

Farmers: read what follows, and you will know how and by whom this crime was committed!

Ever since 1925, the King government has forced on parliament the Australian treaty and adopted by order in council the New Zealand convention.

By these treaties, the King government handed over the Canadian market to foreigners, in exchange for a few miserable concessions to industry.

What I have quoted will give an idea of the literature which was distributed throughout every rural parish, municipality or borough in the province of Quebec, and I have no doubt the same publications in English were distributed to the English farming districts. One thing that strikes me in connection with this butter question is the fact that the Tory party used this commodity as a stepping stone to power. During the campaign it was said that the Canadian markets were of no interest, the results were what counted. The fact is that the farmer received much more for his butter when we were importing sufficient to make up the difference between production and consumption than he does now when the production equals or perhaps is more than the consumption. The hon. member for Compton said during the

campaign that we must have Canadian markets. At the same time he used despicable words about lawyers. I am a lawyer, I defend farmers and if the hon. member is still a farmer, I shall attempt to defend him against himself. It is hard work for a lawyer to delve into these statistics in order to get at the truth, but I do this with pleasure in order to show my electors, who are farmers, the deep interest I take in their welfare.

The other day I asked the Minister of Marine why he was saying that the government had stopped the importation of butter. They did not stop it completely; some butter still comes in. Otherwise the new treaties could be considered as a joke by Australia and New Zealand. An hon. member points out it is somewhat strange that although we are on an export basis, we still import some butter. The plain question I asked the Minister of Marine, was this: "Are you in favour of a reasonable price for butter with importations, or a very low price without importations?" The answer he gave me was this: "I am in favour of a reasonable price and I am against importations." Fancy a minister of the crown saying that, when he knows very well that last year the house had voted for a treaty with Australia and that it was ready to vote for one to-day with New Zealand! I do not wish my words to be misconstrued; I am not against this treaty; I know we must make some sacrifices in the matter of trade, because trade cannot be one-sided. I know the minister is well disposed, but I speak about those who deceived the people during the last election by making false statements regarding the dairy business. A moment ago I mentioned that Mr. Dunning, in his budget speech of May 1, 1930, said that he had notified Australia and New Zealand that the treaty would come to an end six months after the notice was given, and in the meantime the duty on butter was increased. The duty was four, six and seven cents a pound, and when the present government came into power, they increased that duty to eight, twelve and fourteen cents a pound. The duty under the Dunning budget did not please the people because it was not enough. The Tories were saying on every hustings: The duty is not enough; we will increase it in order that you may receive a fair price for butter. The ex-Minister of Trade and Commerce, I am sure, has heard the same statement made. Every one on this side who has been on the same platform with a Conservative speaker at a joint meeting, has heard him say the same thing. They were deceiving the people; they were saying that as soon as the right hon. gentleman who is now Prime Minister, gets into power, he will raise the duty on butter in order that the farmers may receive not less than forty of forty-five cents, and perhaps fifty or sixty cents a pound for their butter. In my constituency, a Tory candidate said: I shall see to it that the leader of the Conservative party raises the duty in order that you may get at the very least forty cents a pound for your butter. What does it mean to a farmer if he does not get a decent price for it? What does it mean to the hon. member for Compton? His friends will laugh at him. They will say: The Canadian market as it is means nothing to you because you get nothing out of it.

The Tory government were true to their word; they increased the tariff; the four cents became eight cents, the six cents became twelve and the seven became fourteen, or twice as much. Then what happened? This is mentioned in a return that I received last year and that was signed by the Secretary of State, showing that when the tariff on butter was the highest, the price was the lowest. It is perhaps on account of that return that the Prime Minister should be advised by his supporters that they have decided to return to the Liberal policy of reducing tariffs in order to secure trade. Last year the duty on butter under the Australian treaty was five cents, notwithstanding the fact that the Australian government is paying a premium on this commodity; this year under the New Zealand treaty the duty is also five cents.

I do not wish to detain the committee much longer on this, but to sum up, let me say that the Canadian people were grossly deceived by every Conservative speaker in Quebec and in each of the eight sister provinces, when they said first of all, that it was due to imports of butter that the price was low, and when they told the people that under a high tariff the price of butter would be reasonable, just as good as it was the previous year. The people were deceived both ways and now this legislation is introduced into the house. I have no objection to it; it is an experiment and we shall see how it works, but I regret the, if I may say so, silly satements that were made first by the Prime Minister and repeated by his own organization under the control of General McRae in order to deceive the people. This is the feature I oppose most strongly. The public can now see that the guiding star of liberalism is still leading the Conservative party when they want to do the proper thing; to do this they have to come back to the old Liberal trade policy. At the present low price of sixteen or seventeen cents the butter makers

are still making money because they do not reduce their manufacturing charges. We shall see whether our trade with Australia and New Zealand increases. If it does, it will bring money into this country. Men will get more work; they will receive bigger wages and if they earn more money, they will be in a better position to pay higher prices for their butter.

Mr. COWAN Long Lake): Will the hon. gentleman, then, support and join the Conservative party?

Mr. POULIOT: The Conservative party does well only when it follows Liberal policies.

In conclusion I hope every Conservative member who spoke against the New Zealand and Australian trade agreements will go back to his electors and tell them: "We must be honest. We must confess that we made a mistake. We do not say that we lied, but we certainly made a mistake when we said that high tariffs would bring fair prices for farm products to the farmer. We apologize to you for making that mistake." That is what every Conservative member should say to his constituents, and I hope the government will see to it that a copy of those agreements is sent to farmers everywhere, not to discourage them, but to show them that this government is coming around to the good old policies of the Liberal party, not with regard to butter alone, but with regard to trade in general with other nations throughout the world.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I had intended to make a few observations on the second reading of the bill, but the second reading was passed with such bewildering celerity that I did not have the opportunity on that occasion. I do not believe, sir, that it is of any material use during a discussion such as this to dwell unduly upon the past except in so far as the actions of a party or the inaction of a party in the past may have affected the present situation. I should like, Mr. Chairman, to occupy a little time in going back to the origin of the treaty with New Zealand. Reading section 5 of the Australian treaty as assented to on the 27th day of June, 1925:

> Subject to the provisions of The Customs Tariff, 1907, the governor in council may, by order in council, extend the said advantages to goods the produce or manufacture of any British country.

And section 6 reads as follows:

> The governor in council may make such orders and regulations as are deemed necessary to carry out the provisions and intent of this act and of the said agreement, and may, upon giving six months notice to the government of the commonwealth of Australia of his intention so to do, order and direct that the tariff concessions extended to Australia by this act shall cease and determine, whereupon they shall cease and determine accordingly.

Now I come down to the year 1930 and to the criticisms that were made by hon. gentlemen opposite, when they were sitting to the left of the Speaker, in respect to the New Zealand treaty. I am reading now from the report of the president of the National Dairy Council for 1931. Therein it will be found that they made representations to the tariff board, which was then in existence, in regard to the New Zealand tariff. I quote the words of the president as found on page 6 of the annual report:

> At the last meeting an appeal to the tariff board was decided upon. The hearings were held in January, 1930, and several months later the government announced an increase in the butter tariff of precisely the amount we asked for. At this point I wish to remind you very definitely that we took the view that a tariff of four cents per pound against the southern dominions, where the imported butter all came from, was about as high a tariff as the industry could obtain any permanent benefit from. We used the argument that a tariff higher than four cents would damage the cheese industry and would introduce very wide and unmanageable fluctuations of price into the butter market if we were to alternate from an import to an export basis and back again, as we have done many times in the past forty years.

Again:

> We told the government that four cents was enough for the reason that it was all that could be permanently advantageous.

Now I wish to refer to the statement made the other day by my hon. friend the Minister of Trade and Commerce that the provisions of the Australian treaty of 1925 were extended to the sister dominion of New Zealand on October 1, 1925, by a special order in council. Notice was given in this parliament on the 12th of April, 1930, as was stated by the minister of the termination of that arrangement with New Zealand, the arrangement to terminate on October 20, 1930, and on the 20th day of October, 1930, as the minister also stated the other day, New Zealand withdrew her preference from Canadian goods, on motor cars engines, and tires, and on June 2, 1931, she withdrew her preference on all remaining articles. I come now to the declaration of policy made by the Minister of Finance when speaking in this parliament on May 1, 1930, because this has a very distinct bearing on the situation which has since developed in Canadian trade. Mr. Dunning upon that occasion used these words:

> With respect to New Zealand, as already intimated to parliament, the government of

Canada has proposed to the government of that dominion that a direct trade agreement be negotiated to supersede the present arrangement.

We hope to be able to arrange for meetings of representatives of both countries in the near future in order to endeavour to reach a mutually satisfactory agreement. In any event, the present arrangement will cease on October 12, next. Following that date, Canada will extend her full British preference to New Zealand, pending the completion of a direct agreement.

Then we had the general election of 1930, and we have just had a very vivid and truthful description by the hon. member for Temiscouata (Mr. Pouliot) of the campaign of misrepresentation which was carried on at that time. Those who represent agriculture and the dairy districts of this country realize that the situation of the dairy farmer and of the agriculturist to-day is infinitely worse although they have had the alleged benefit of the eight cents tariff since that day in October, 1930. As against the lack of benefit to the dairy farmer and the agriculturist, may I briefly indicate to this house what has happened to our Canadian trade? I will give the total imports of Canada from New Zealand first:

Year	Value of goods imported
1925	$ 1,191,299
1930	16,282,719
1932	1,080,230

Now I will give the total exports from Canada to New Zealand:

Year	Value of goods exported
1925	$15,083,368
1930	19,187,803
1932	3,728,500

It will be noted that in 1932, after New Zealand very properly adopted a policy of retaliation, our exports to that country dropped from over $19,000,000 in 1930 to $3,728,500.

Take the alleged favourable balance of trade, which is so frequently referred to by hon. gentlemen opposite. Here are the figures:

Year	Favourable balance for Canada
1925	$13,892,069
1926	13,854,626
1929	4,597,109
1932	2,648,270

Now I shall deal very briefly, because there will be an opportunity to discuss them more fully when the schedule is taken up, with a few of the items which are covered by the agreement. Take the article of butter, for instance. Here are our import figures:

Year	Imports
1925	$ 60,000
1929	8,685,000
1932	17,000

Take raw wool, and Mr. Chairman, I am very interested to know what will be the attitude of certain members of the Conservative party who earlier this session voted for a resolution asking for a tariff on raw wool with respect to placing wool on the free list, with a depreciated currency in New Zealand. Our raw wool importations were:

1925	$ 230,000
1929	1,173,000
1932	305,000

These are the figures for our importations of hides:

1925	$145,000
1929	447,000
1932	141,000

Then let me deal with the export figures, and these are of particular interest to anyone who is a student of our trade conditions. These figures, I think, form the most startling picture of how the policy of hon. gentlemen opposite in raising the duty on New Zealand butter to 8 cents a pound on the very day when the Prime Minister of that dominion sat on the floor of this house has absolutely paralyzed our export trade in that quarter. These figures are the most startling in the whole tragic picture.

Automobiles

1925	$5,930,000
1929	4,788,000
1930	5,507,000
1932	34,000

Pneumatic Tire Casings

1925	$1,263,000
1929	2,618,000
1930	2,119,000
1932	263,000

Newsprint Paper

1925	$ 764,000
1929	1,297,000
1930	1,364,000
1932	768,000

Mr. STEVENS: There was no change in the rate of newsprint.

Mr. MACKENZIE (Vancouver): Very well.

Electrical Apparatus

1925	$217,000
1929	678,000
1930	764,000
1932	238,000

Canned Fish

1925	$469,000
1929	560,000
1930	633,000
1932	199,000

Iron Wire

1925	$476,000
1929	470,000
1930	448,000
1932	48,000

Iron Bars and Rods

1925	$244,000
1929	380,000
1930	376,000
1932	8,000

Musical Instruments

1925	$104,000
1929	164,000
1930	186,000
1932	——

So far not a note of music sent from Canada to the sister dominion in this year of grace 1932.

Hardware and Cutlery

1925	$265,000
1929	249,000
1930	321,000
1932	23,000

Planks and Boards

1925	$298,000
1929	202,000
1930	256,000
1932	31,000

Rubber Footwear

1925	$ 325,000
1929	747,000
1930	1,012,000
1932	303,000

Farm Implements

1925	$252,000
1929	268,000
1930	308,000
1932	40,000

Wheat Flour

1925	$ 3,000
1929	453,000
1930	392,000
1932	242,000

Socks and Stockings

1925	——
1929	$326,000
1930	566,000
1932	285,000

Corsets and Brassieres

1925	$113,000
1929	71,000
1930	82,000
1932	19,000

Wheat

1925	——
1929	$ 87,000
1930	219,000
1932	115,000

Now, Mr. Chairman, I put these figures on Hansard to give the committee an actual picture of how our export trade with New Zealand has been strangled by the tariff policy of this government. I certainly commend the treaty as far as its general principle is concerned. But I must express, especially on behalf of the people of British Columbia, our regret at the undue delay in bringing this treaty before parliament. That there is similar regret in New Zealand is evident by this quotation from the Auckland Herald of March 21, 1932:

> Telegrams are pouring into the office of the Minister of Customs, Hon. W. Downie Stewart, seeking light on the present state of negotiations between New Zealand and Canada regarding the trade agreement tentatively reached at the Honolulu conference in December and January. An unexpected hitch has since arisen at the Canadian end, due, it was believed, to Canadas preoccupation with urgent domestic problems.
>
> Mr. Stewart is unable to make any public announcement on the subject at the moment, but it is believed likely that a statement will be forthcoming within the next few days.

I propose now to deal very briefly with one or two items in the schedule, which items perhaps the minister will kindly note so that he may deal with them in his reply later. In votes and proceedings, No. 57, at page 374 will be found the items on schedule A to which I am about to refer. Item No. 16, eggs in the shell. I recall that last year substantial complaints were made by our friends opposite when a similar item was inserted in the Australian treaty to be operative for only two months in the year. Will the minister be good enough when he replies to let the committee know if he has received any complaints from the poultry raisers of British Columbia in regard to this particular item.

Item 93, apples, fresh, in their natural state, free. Has the minister received any complaints whatsoever from the fruit growers of British Columbia or any of the other provinces in regard to this item.

Items Ex. 169, Ex. 171, Ex. 178. This group of items covers books, novels or works of fiction; books, printed; advertising and printed matter. Has the minister received any complaint in regard to these items?

Item 305-306b, building stone, other than marble or granite. This is admitted free for the first time. The minister is aware that we have building-stone quarries in British Columbia and in some of the other western provinces. Has he received any complaint in regard to the item?

Item Ex. 549, wool, not further prepared than combed, free. Has he received any

complaint from some of his own followers or from outside sources in regard to the presence of that item in the treaty?

Now I come to schedule B. Item Ex. 137, socks and stockings of silk or artificial silk. I see the total duty is 39.8 per cent for Canada as against 28.9 per cent under the British preferential tariff. It seems to me that is a very poor consideration for the Canadian exporters of these articles.

Item 333 (1), cultivators; harrows; ploughs; drills; sowers; seed or grain cleaners and separators. I see the rate to Canada is 36.75 per cent, as against the British preferential rate of 12.25 per cent—about three times as high against Canada.

Item 389, passenger cars, valued up to £200 sterling. I see the duty is 20 per cent against Canada if the cars contain from 50 to 75 per cent Canadian content, as against 10 per cent under the British preference, while the rate on cars with more than 75 per cent Canadian content is just the same as the British preferential rate. It would seem to me that our manufacturers will have some difficulty in exporting cars to New Zealand containing 75 per cent Canadian content.

Then I wish to draw to the minister's attention items 403, 404 and 405, which I think are of particular interest to us in British Columbia. Those are the main comments I have to make in regard to the treaty. The general observation I wish to make is this, that the Liberal party in Canada was the party that initiated the policy of trade treaties. The Liberal party was the party that initiated the policy of Imperial preferences in 1897, and I welcome any policy of trade treaties which contain terms advantageous to Canada. I welcome that policy because it is one which will break down the barriers of high protection. I think the government of the day has pursued a wrong course; first of all they erected very high tariff barriers, and then they used the height of those barriers to bargain with other countries. We welcome any expansion of trade, especially by trade treaties within the empire, and for these reasons I commend the principle of this legislation, though I may desire to make some comments with regard to the details at a later stage.

Mr. NEILL: I have some appreciation of the difficulty with which the minister was confronted in negotiating this treaty, and I have no doubt that with his customary thoroughness and energy he not only did the best he could but possibly the best that could be done under the circumstances.

[Mr. I. A. Mackenzie.]

The difficulty in negotiating a treaty of this kind with New Zealand is pre-eminently due to the fact that New Zealand, more than any other country of which I know, is wholly agricultural and pastoral in its exports, so anything it exports to Canada must come directly in conflict with agriculture in this country, which makes it very difficult to deal with the situation. I would have been interested if the minister had replied when the hon. member for West Edmonton (Mr. Stewart) asked him to amplify, or even illustrate, what lines of business from New Zealand he expected would be increased in consequence of this treaty, because I know, from some examination and after having lived there, how little New Zealand can export that will not come in direct competition with one branch or another of agriculture in Canada.

I think the only three products that New Zealand exports and which we do not produce ourselves are rabbits, flax and kauri gum, which is a minor product used in making scents and soaps. It is dug up in the swamps of New Zealand, so we need not grudge them that trade. The same applies to rabbits, so long as they are not brought here alive. With regard to the flax, I am sorry to see anything done to facilitate its entry to this country. It is an inferior article, and has one almost dangerous quality about it. It will make apparently strong rope, which will stand a heavy strain if that strain is applied gradually, but it has the unusual quality of snapping like a lead pencil if you give it a sudden jerk. It is a native product, grown in the swamps of that country.

I would like to make only one comment in regard to the preliminary part of the treaty, and then there are one or two comments which I have to make when we come to the particular items, which I hope we will be permitted to take up one by one. I notice that we are given a preference on Canadian lumber, but unless I am wrong that preference is arrived at by leaving the duty against Canadian lumber where it was and increasing the duty against lumber from other countries. Of course that does give some preference, but it is not one highly calculated to increase the demand for our product.

Then there is the question of our fish. Probably there is a plausible explanation, but after examining the item here I do not understand it. The minister comes from British Columbia, and he must be sufficiently familiar with the need for a preference on British Columbia salmon to see that this preference is given, but the item rather puzzles me. By this item

New Zealand gives us a preference on "fish, potted and preserved, namely salmon, including any liquor, oil or sauce." Our canned salmon is not potted or preserved; there is as much difference between preserved fish and canned salmon as there is between jam and canned fruit. It seems to me that canned salmon should come under item 35a, which deals with "canned fish, not including fish paste," but as I say I am sure there must be some explanation, and I only mention the matter so it will not be lost sight of.

I also notice that the preference on this preserved salmon is very small; it is not nearly as large as the preference given by Australia. I see that under item 123 we give New Zealand a preference on shell fish known as toheroas, in sealed tin containers. We let that article in free, but they do not let our main fish product in under the same terms. The articles in which British Columbia is particularly interested are lumber, fish, paper and pulp. Pulp enters New Zealand free in any case, so we get no preference there, and no preference is given to newsprint. There are six paper items, and we are given a preference on only one. These are the things that somewhat detract from what we had hoped we would get from this treaty.

There is one other comment I should like to make with regard to articles IV and VII. Article IV deals with the method by which the government proposes to stop the importation of goods when such goods are coming in to the injury of our citizens. Under the Australian treaty that section stated that goods, the produce or manufacture of Australia, imported under the provisions of article I, should not be subject to the provisions of section 6 of the customs tariff of Canada. That section excluded the application of the dumping duty. In the New Zealand treaty the wording is different:

> . . . shall not be subject to section 6 of the customs tariff of Canada unless previous notice has been given by the government of Canada to the government of New Zealand that the importation of such goods would prejudicially or injuriously affect the producers or manufacturers of similar goods in Canada, and if, at the expiration of a period of thirty days from the date of such notice, remedial measures satisfactory to the government of Canada are not put into effect . . .

Then Canada can apply the dumping duty.

Mr. STEVENS: My hon. friend is overlooking section 9 of the Australian treaty. This is an improvement; it lessens the time limit.

Mr. NEILL: I rather doubt if it is an improvement, but I was just going to compare them. In this case, if the government are not satisfied with the way goods are coming in they can give thirty days notice and then apply the dumping duty. Under the treaty with Australia they did not do that; if the remedial steps were not taken within three months the ordinary general tariff applied. That is the comparison I desire to make. This dumping duty is a matter of policy, and if the government choose to apply it instead of letting the ordinary duty prevail, I have no objection, but I should like to show how it will work. They give New Zealand thirty days notice, and if at the end of that time remedial measures have not been taken the dumping duty goes into effect. That would seem to give a man whose goods were on the water at least thirty days in which to have those goods received and sold in Canada, but there is a further clause included:

> At the option of the government of Canada any importation thus complained of, other than perishable goods, may be held in bond during the said period of thirty days.

That is the objectionable feature. It will be possible for this government, without notice at all, to increase the duty over night on an article already on the water, by the application of the dumping duty.

The British government—it has been alluded to here—has already expressed the opinion, or perhaps the hope, in connection with the coming conference, that Canada will abandon the system of enforcing the dumping duty overnight, so to speak, because it leads to great uncertainty when a man buys goods and does not know, while they are on the water in transit, what is likely to be done by means of that duty. It has always been held that a somewhat unreasonable tariff is preferable to a state of uncertainty, when it is not known whether the tariff may go up or down suddenly. Under the Australian treaty they had to give three months' notice and not thirty days; and under that treaty they could not hold goods in bond. But now, to-morrow morning, it could suddenly be announced, "We will give you thirty days' notice and hold your goods in bond, unless they are perishable, and at the end of that time we will apply the dumping duty." So that we have rather put one over New Zealand in that regard.

An hon. MEMBER: New Zealand can do the same to us.

Mr. NEILL: That is quite right; I was wrong in saying that we put one over them because it is fifty-fifty.

Mr. RALSTON: If New Zealand's act is as strong as ours.

Mr. NEILL: I am not familiar with the situation there, but they have a dumping act. I do submit, however, it will lead to uncertainty if such a situation as I have described exists. The other item was in connection with Article VII. It states that they cannot raise the duty unless by mutual agreement—that is, the regular duty—and until after three months' notice to the respective governments. I notice that in the trade treaty between New Zealand and Australia the same condition exists, except that it is six months in that case. Three months' notice, with a country so far away as this, would probably work out rather awkwardly. As a matter af fact, I imagine that a good deal of the benefits or otherwise of this treaty will not be fully ascertained until the treaty has been in operation a year or two. On general principles I am glad to see such a treaty inaugurated, and with the explanations which I feel almost sure the minister can give in regard to salmon and lumber, I hope the treaty will be of advantage to our province and to Canada generally.

Mr. STEVENS: Before we get into too wide a discussion I might reply to the hon. member for Vancouver Centre and the hon. member for Comox-Alberni on the points they have raised. I see very little good purpose to be served by entering into a long discussion about what might have happened, or about what was said during the campaign. I will accept the opening suggestion of the hon. member for Temiscouata when he said that we were confronted with facts and that we should deal with those facts. That invitation I will accept. May I say to the hon. member for Vancouver Centre, in regard to the citations of a falling-off in trade with New Zealand, that there was no doubt a very substantial and serious decline in trade. But it must be borne in mind that New Zealand's imports, which of course would include exports from Canada, dropped from a total of £43,000,000 in the year 1930, to £25,000,000 in 1931. That is, all imports, and of course that accounts for a substantial portion, although I am not suggesting that it accounts for them all. It is well to keep that fact in mind. My hon. friend also cited several items which I shall refer to very briefly. As regards eggs in the shell, it will be recalled that under the old trade arrangements they were free the year round. In this item they are free during the months of December, January and February, which is, of course, a restriction as compared with the old treaty.

[Mr. Ralston.]

Mr. MALCOLM: Were not those the only months in which they came in free?

Mr. STEVENS: They did not come in and they are not likely to come in.

Mr. MACKENZIE (Vancouver): Did none come in last year under the Australian treaty?

Mr. STEVENS: Yes, I was mistaken; there was $53 worth from Australia. With regard to apples, this is a reciprocal item. We have a very handsome business with New Zealand in apples in the season the opposite to their productive season, and there is no objection from British Columbia in this respect.

Mr. NEILL: Does not New Zealand charge one penny per pound against nothing on their apples?

Mr. STEVENS: There is a duty against our apples but they have reduced it by half.

Mr. YOUNG: What about the three per cent excise tax? Will that apply to apples?

Mr. STEVENS: Yes, that will apply to all the items.

Mr. RALSTON: The minister must not forget that British Columbia is not the only apple-producing province in Canada.

Mr. STEVENS: That is quite true. I am not certain whether we export to New Zealand any apples from eastern Canada, but we do export to them from this Dominion a substantial quantity of apples—three or four times as much as we import from New Zealand. As I say, I am not sure about the export of apples from Nova Scotia; I imagine that they find their way chiefly to Great Britain.

Mr. ILSLEY: The minister says there is no objection on the part of the apple growers. Have the people who are interested in the production of apples had an opportunity to express their opinion?

Mr. STEVENS: It must be remembered that the item simply remains free. It is not made free in this treaty as against a previous duty; it simply remains as is, if I might use that expression. There is no change. As regards the item referring to books, it will be noted that these are books the product of New Zealand. They have certain native authors there and they have asked that this be done, and we felt that, for the production of New Zealand authors, we could very well afford to place this item on the free list. It is really a gesture of courtesy more than anything else.

Mr. YOUNG: Suppose we bought one of these books in New York; it would not come in free.

Mr. STEVENS: It is not likely that it would come in through New York; they would rather ship the book direct to Canada. The people there are largely of Scottish descent.

Mr. CAYLEY: But the whole trade agreement is based on the assumption that goods will come through Canadian ports.

Mr. STEVENS: Virtually, yes. There is a slight modification in one of the articles, as will be noticed. With regard to items 305 and 306, these relate to a soft building stone, a variety of limestone which is very excellent for interior work. It can be easily worked. We import very large quantities of Indiana limestone and it is hoped that some of it will be replaced by this product. Several years ago some of this stone was imported into Vancouver and used in some of the buildings there for easily carved arches, window sills, copings and work of that kind, for which it is eminently suited. As regards the wool items, they simply remain free as they are at the present time. We decided that until the Imperial conference was held it was inadvisable to disturb the duty on wool under the British preference, so that New Zealand simply has the same rate as the British preference, namely, free as it is now. But it is proposed —and this was done as one of the terms of the arrangement with New Zealand—to impose a duty under the intermediate and general tariffs, while the preferential will remain undisturbed until the whole subject is discussed at the Imperial conference. In regard to socks, stockings and so on, there are in this schedule a few items which it will be noted are considerably different in some cases from the British preferential. These are acceptable to our people who are exporting such articles. While the rate on stockings is somewhat higher than the British preferential rate, it must be remembered that our main competitor in this connection is the United States. The rate to the United States is 67·3 per cent while the rate to Canada is 39·8 per cent. In discussing schedule B I ask hon. gentlemen to note that New Zealand has imposed some very high rates of duty. Of course, that is her business and not ours.

Mr. STEWART (Edmonton): Would not the British importer come in under that 30 per cent?

Mr. STEVENS: I am advised that our people can compete under this rate. It will be noted a surtax and additional tax has in many cases been imposed and above the ad valorem rate. This is due to the necessities of raising revenue and as it is New Zealand's business, it is something about which we cannot explain.

Mr. NEILL: Does the surtax include the primage, or is it extra?

Mr. STEVENS: Primage is applicable to free goods while the surtax is applicable to dutiable goods. In connection with item 333 (1) cultivators, harrows, ploughs, drills, sowers, seed or green cleaners and separators, it will be seen that the rate to the United States is 42·87 per cent while the rate to Canada is 36·75 per cent. We would have liked to have had a better rate but that was the best we could get. We are given an advantage against the United States, which is our main competitor in this class of goods. The next item is one in which we are interested. It reads:

> Unspecified agricultural implements, including ploughs, cultivators and seed drills, hand-worked; ploughs, single furrow mouldboard, not exceeding 266 pounds; also certain parts of ploughs or harrows.

This item is free with a 3 per cent primage.

Mr. RALSTON: It is the same all the way through?

Mr. STEVENS: It is free as against the other item which is dutiable.

Mr. NEILL: Ploughs and cultivators appear in both items; how can they be subject to two separate duties?

Mr. STEVENS: It is a different classification. Automobiles is perhaps the most important item to us and I am at liberty to state that the rates are satisfactory to the Canadian producer. A large proportion of the automobiles which we will export to New Zealand will come under the 75 per cent Canadian content class which it will be noted carries a rate of 20 per cent in the case of Canada and 40 per cent in the case of the United States. In the case of the 50 to 75 per cent Canadian content, we have an advantage as against the United States but some disadvantage as against Great Britain. However, the cars manufactured in Canada are not the type manufactured in Great Britain and our main competitor is the United States.

Mr. STEWART (Edmonton): That rate is not any lower than what we enjoyed formerly.

Mr. STEVENS: I will have that information looked up and give my hon. friend an answer later on. The hon. member for

Comox-Alberni (Mr. Neill) has referred to the fact that it is difficult to find items which New Zealand could export and which would not be competitive with Canadian goods. There is no doubt that was one of the difficulties with which we were confronted, but we believe we have worked it out as satisfactorily as possible.

I was rather sorry to hear the hon. member's comments in connection with New Zealand hemp. I have taken some trouble to investigate this matter and I find that New Zealand hemp has proven satisfactory to a number of large manufacturers. During the past year I went out of my way to get our manufacturers to interest themselves in the importation of New Zealand hemp. Although this hemp may not be as good as the sisal from Mexico and the hemp from Manilla in the manufacturing of binder twine, as it has a tendency to curl when it is passing through the eyes of the binder—

Mr. YOUNG: Why encourage it?

Mr. STEVENS: We are not encouraging it particularly for binder twine, but it has proven to be very satisfactory in the manufacture of cordage and considerable quantities are now being purchased from New Zealand. Perhaps the hon. member is not acquainted with the latest developments in the production of this commodity and does not realize that the article has been vastly improved today.

Mr. BROWN. Why is binder twine allowed to come in free under all schedules?

Mr. STEVENS: At the request of New Zealand it was put in free along with hemp, but it is free in any case.

Mr. BROWN: Do we import any binder twine from New Zealand?

Mr. STEVENS: I will have that information looked up.

Mr. BROWN: It is something like the hay and straw in the Dunning budget.

Mr. STEVENS: No, not necessarily. I think hon. members should keep in mind the fact that we hope to develop considerable business in lines which have not previously been developed. I do not wish to harp on this point, but I must say that we have been importing a large variety of goods from the United States and it was felt that a large part of this business might profitably go to New Zealand.

I can assure the hon. member for Comox-Alberni that the lumber item is entirely satisfactory to the British Columbia interests, and I think to the eastern interests as well although they are not affected in the same way. The same observation applies to fish. The description in schedule B is the precise description used in the tariff nomenclature of New Zealand, and there is no question but that it includes canned salmon.

Mr. NEILL: The minister will admit that it uses the words "potted and preserved"?

Mr. STEVENS: That is quite true, but it includes salmon.

Mr. NEILL: It says preserved or potted salmon; it does not seem to include canned salmon.

Mr. STEVENS: In New Zealand potted and preserved is the description used for canned.

Mr. MALCOLM: There is an item of canned salmon in the New Zealand customs schedule; what does that refer to?

Mr. STEVENS: I am speaking from memory, but I do not think canned salmon is mentioned.

Mr. MALCOLM: Oh, yes.

Mr. NEILL: Item 35 (a) covers fish, canned, not including fish paste.

Mr. STEVENS: That is unique to the trade agreement between New Zealand and Australia and does not enter into the general schedule; it is left out entirely.

Paper is provided for in the treaty under a satisfactory arrangement. I would remind the hon. member for Comox-Alberni that while a very wide range of paper is not mentioned in the schedule, we get the British preference in regard to the whole of that classification, and this will be of distinct advantage to Canada.

Reference was made to article IV and my hon. friend was under some apprehension that the operation of this would not be satisfactory. I believe he indicated he thought perhaps it was a little unfair. Let me give a brief explanation in regard to it. Article IV must be compared with the article in the Australian treaty dealing with the suspension of section 6 of the customs tariff, that is the dumping clause. It will be noted that in the Australian treaty section 6 is completely suspended and abandoned as far as Australia is concerned, but that article IX, which makes provision for notice where a commodity is being imported prejudicially to the interests of the importing country, provides a remedy in that the commodity goes under the general tariff. In the New Zealand treaty the matter

is dealt with somewhat differently. Section 6 is suspended, but only after notice and then at the expiration of the notice, which is only one month as against three months in the Australian treaty, all the dumping clause provisions of the Canadian tariff apply. This is a different method of treatment, but it is the formula presented to us by New Zealand when we were negotiating and the principle being more or less the same, we accepted the New Zealand formula which I think is, shall I say, a little more rigid than that in the Australian treaty. It is different, but equally effective.

Mr. MALCOLM: Does the minister not think thirty days is too short considering the time the goods are in transit? It might be injurious in the case of either country because goods are not transported to and from Canada and New Zealand in thirty days.

Mr. STEVENS: In case of notice the matter will be dealt with by cable.

Mr. MALCOLM: There is nothing to cover that.

Mr. STEVENS: It is accepted and the experts of both countries assented to the idea that a cabled notice would be accepted as sufficient.

Mr. MALCOLM: Must it be accepted by cable?

Mr. STEVENS: Not necessarily; but of course my hon. friend will bear this in mind: it is the injured country, so to speak, that will give the notice. If they give the notice in writing, that is their funeral, if I may use that expression. If they are anxious to give the notice, they will cable and the period of thirty days is an added protection to the importing country; inasmuch as it has been accepted there can be no complaint on the part of the other country.

Mr. NEILL: I have no objection to the minister using the dumping clause instead of the other method that he used in the Australian treaty, but I should like him to answer this question: Will the method adopted of having only thirty days' notice and having the stuff in bond, not have the effect that the dumping provision can be imposed at a moment's notice and that this will lead to disintegration and uncertainty of trade? That is the point.

Mr. STEVENS: I think not. The theory behind that is this, that the exporting country, whether Canada in the one case or New Zealand in the other, may be presumed to export certain goods on consignment. If they export on consignment, there should be no objection to those goods immediately on arrival being placed in bond until such time as the holder, the consignee, is prepared to enter them for consumption. Otherwise this might happen—

Mr. NEILL: He might lose his sale?

Mr. STEVENS: No, the goods might be exported on consignment and be allowed to lie indefinitely in the importing country, with the latter being able to take no action, but the presence of a large quantity of consigned goods in any market always has an injurious effect upon prices in the importing country where those goods are, as it were, hanging over the market. It was to obviate the danger of that that this form was adopted.

Mr. NEILL: But in case of selling goods on order, would not a hardship be created if the duty were raised while the goods were in transit?

Mr. STEVENS: We must read the article in this sense: first, it must be shown that the importation of the goods is going to affect injuriously manufacturers or producers in the importing country. That is the basis of the whole thing. Then a thirty-days' notice is given by cable—it is presumed in every case it would be given immediately by cable—that such goods are entering prejudicially. Then it is expected that the two countries by agreement will apply some remedial action. That is, we will assume these goods are billed at a figure that is calculated to injure the importing country. The exporter might undertake not to release the goods except at a price that was consistent with or similar to that of goods in the importing country.

Mr. MALCOLM: The minister must remember that those goods may be already sold by the importer. What will he do to fulfil his contract?

Mr. STEVENS: Any importer of goods—

Mr. MALCOLM: This may be true in the case of Canadian motorcars going into Australia; they may be all sold under contract.

Mr. STEVENS: That applies whether this provision is present or not. The importing country may change its tariff at a moment's notice.

Mr. NEILL: Three months.

Mr. STEVENS: But I am speaking of importing in the absence of a treaty. The importing country might change the tariff

while the goods were in transit whether they were sold or not, so that in this nothing is being imposed upon the importer that is not present against him whether the treaty were in force or not.

Mr. MALCOLM: I submit to the minister that the very idea of a treaty is to give assurance of sale and certainty of business at a known rate of duty, so that business can be conducted and contracts entered into and carried out. If under the treaty anything is permissible that may destroy the business Canada enjoys with New Zealand, it is dangerous. The government of New Zealand might destroy a Canadian contract.

Mr. STEVENS: That feature is present, but I would point out to my hon. friend that it is equally present whether you have a treaty or not.

Mr. NEILL: Under the treaty you have three months.

Mr. STEVENS: In the absence of a treaty that same eventuality might occur, so there is not imposed by this any risk on an exporter that is not present in normal trade. The provisions of the treaty, of course, postulate cordiality, good will and common sense, and a friendly attempt to adjust any difficulties. That is the basis of the whole thing. It provides for a friendly method of adjusting what might otherwise be a provocative and difficult situation.

Mr. YOUNG: This section says that section 6 of the Customs Tariff, which is the dumping clause, shall not apply, but it makes no mention of sections 35 to 43 of the Customs Act, which give the minister power to raise the duties by fixing values.

Mr. STEVENS: My hon. friend will recognize that the sections of the Customs Act to which he refers have no real effect unless under section 6 they are made applicable.

Mr. YOUNG: Oh yes, they have.

Mr. STEVENS: My hon. friend will find if he studies the situation that what I say is correct. The only way you can give effect to the increased duty is by imposing the dump.

Mr. YOUNG: By increasing the valuation you increase the regular duty, and then add the dumping duty. This particular section says that you will not add the dumping duty, but it does not say that the other sections shall not apply.

[Mr. Stevens.]

Mr. STEVENS: What I said applies to specific duties only, but the articles chiefly affected under the agreement are under specific rates.

Mr. YOUNG: There are some items here where the duty is ad valorem, and in such cases the minister will have power to shut the goods out at will.

Mr. STEVENS: No, because we undertake not to change the rate.

Mr. YOUNG: You change the valuation.

Mr. STEVENS: I think that that would be interpreted under the treaty as changing the rate.

Mr. RALSTON: That is what we always argued.

Mr. YOUNG: What will the port collector do?

Mr. STEVENS: He will act according to instructions given him by the order which puts into effect what my hon. friend is referring to, whatever action that might be.

Mr. MARCIL: I would like the minister to complete his speech by telling us something about butter. In the last election in the province of Quebec twenty candidates of the Conservative party won their seats in this house on this question of New Zealand butter, and I would ask the minister to tell me how the position is going to be changed by this treaty. Will the farmer be completely saved by this change in duty on butter, from one to five cents, or what is going to happen?

Mr. STEVENS: The answer to that very reasonable question is that under the old treaty the duty on butter was one cent a pound and under this treaty it is five cents a pound. That is the first point. Then under the provisions of article IV there are remedial rates which may be exercised. Furthermore, as was quoted a short while ago by my hon. friend from Vancouver Centre, the dairy council when they appeared before the tariff board represented that a four cent rate was sufficient. Presumably, therefore, a five cent rate should be reasonable protection, and in the case of emergency we have remedial powers under article IV.

Mr. MARCIL: Do I understand, then, that this treaty practically means the prohibition of the importation of New Zealand butter into Canada, that there will be no importations from New Zealand under this new rate? Conditions have entirely changed from what they were when we were importing New Zealand butter into Canada. Then the

farmers in the eastern townships were exporting their cream to the United States because they could get a better price and we had no Canadian butter in this country, so we imported butter from New Zealand; but now butter is being exported from Canada. We have enough Canadian butter for ouselves, and if this new rate means that importations of butter from New Zealand will be shut out, I do not see what advantage the treaty will be to the dairy farmer.

Mr. STEVENS: Might I answer the hon. member who a moment ago asked for the rates on motor cars—

Mr. VENIOT: The minister is slipping.

Mr. STEVENS: I do not understand that my hon. friend from Bonaventure expects an answer, but if he does I find myself in a very happy position. He asks what our expectations are. We anticipate that under this treaty the rather troublesome difficulties of the last two years will vanish, that the relations between Canada and New Zealand will be amicable in all respects, and that the interests of all parties will be adequately safeguarded and protected. Reasonable provision is made for adjusting any difficulties which may arise. In regard to the duty on motor cars, the duty was formerly 50 per cent on all cars. The new rate under the schedule is 26 per cent when there is 75 per cent or over of Canadian content, and 32 per cent when the Canadian content is from 50 to 75 per cent.

Mr. BROWN: I see that onions are mentioned in the treaty. Has the hon. member for South Essex been consulted about that?

Mr. STEVENS: That is a very important item. We get a special rate on onions entering New Zealand, and New Zealand gets a preference on their onions coming here, but we do a much larger business with New Zealand in onions than they do with us. It is one of those cases where there is a reciprocal trade which is advantageous to both countries.

Mr. BROWN: It pleases me.

Mr. MARCIL: Potatoes are not mentioned in the treaty. The farmer is now getting only a few cents per bushel for his potatoes. Was any attempt made to develop a market in New Zealand for Canadian potatoes?

Mr. STEVENS: We get the British preferential rate.

Mr. MARCIL: Does that mean we are going to export any potatoes to New Zealand?

Mr. STEVENS: If our exporters are enterprising enough and the market in New Zealand is attractive enough, there is a possibility, but frankly I would not expect a very much enlarged market for our potatoes in the Antipodes. There is a duty on potatoes entering New Zealand.

Mr. MARCIL: Is there any news regarding the potato situation? The situation in Quebec and New Brunswick is critical. New Brunswick No. 1 potatoes are retailing in Ottawa at 50 cents per 80 pounds. I wonder what the New Brunswick farmer is getting out of that. Is there any prospect of getting a market in Cuba or anywhere else for our potatoes?

Mr. STEVENS: I should not like to digress too far into a discussion of matters outside of the treaty, but I will answer my hon. friend by saying we are doing everything that is possible at the moment in that regard. There is a special effort being made in regard to Cuba, but I am afraid that the season is too far gone for us to expect to do much business in potatoes with Cuba this year. There is no question that the potato situation is bad, but we are doing everything we can. We have succeeded in assisting in the marketing of some of the potato crop in the maritimes, not of course to the degree that we should have liked, but we have done everything that was possible. I would rather deprecate, Mr. Chairman, getting into a discussion of items outside of the treaty.

Mr. MARCIL: I see potatoes are not mentioned in the treaty at all.

Mr. STEVENS: It is the British preferential rate for potatoes.

Mr. MARCIL: Is there any news from England about the potato situation?

Mr. STEVENS: We are working on that. It is a very difficult task.

Mr. BROWN: I am glad to notice in this treaty that the government is now recognizing the value of trade, even if it is concerned with the same articles, because in tariff discussions that have taken place in the house during the last ten years it has been frequently objected by hon. members on the other side that goods were coming into Canada in certain quantities, although similar or even greater quantities of the same class of goods were going out of Canada. I think this marks an advance in the trade thinking of hon. gentlemen opposite.

Mr. STEVENS: Thank you very much. All compliments are welcome.

Mr. CAYLEY: I am quite well aware that the high duty on eggs from the United States will prevent any importations from that country, but in previous years we have received large importations during the winter months, December, January and February. I well remember that when I was soliciting a certain gentleman's vote during the last election he told me he would not vote for any government that let so many eggs in, and so I lost his support. I want to make sure that the government is not going to imperil its existence by allowing too many eggs to come in from New Zealand under this arrangement during those months when our poultrymen get their best prices and depend upon these returns to carry them through. I think in this morning's Journal I noticed the secretary of the National Dairy Council expressed some regret that the protection against condensed and powdered milk and casein had not been made higher.

An hon. MEMBER: It is made lower.

Mr. CAYLEY: Has there been any cooperation with the National Dairy Council in adjusting this rate?

Mr. STEVENS: I am in the very happy position of being able to assure my hon. friend by indubitable evidence that there is not any need for apprehension about eggs. The facts regarding eggs are as I have already stated them. Eggs from New Zealand have been free for many years.

Mr. CAYLEY: The duty was very low from the United States.

Mr. STEVENS: In the fiscal year 1930 Canada imported eggs to the value of $950,000, of which 98 per cent came from the United States and none from New Zealand.

Mr. CAYLEY: Under what rate from the United States?

Mr. STEVENS: That was in 1930, I think before the increase in the rate. New Zealand exports nearly all her eggs to Great Britain. Her exports to that country in 1928, 1929, and 1930 were £18,000, £16,000 and £1,400 respectively. So New Zealand's egg exports are very small. There have been no imports into Canada, although her eggs were always free; now they are free only three months of the year. So I think under that head we need have no apprehension.

Mr. CAYLEY: It was hardly worth bothering with then.

Mr. STEVENS: Quite true. With regard to powdered milk, we have no representations objecting in any way to the item referred to.

Mr. CAYLEY: I was mentioning what I read in the paper this morning.

Mr. STEVENS: I did not notice it.

Mr. MALCOLM: Mr. Chairman, the minister, I think, fully appreciates the fact that my sympathies are very much with him in his work of negotiating a treaty with the sister dominion of New Zealand. I was disappointed that he had not made just as full a statement at the outset as he has made now with regard to the features of the treaty which distinguish it from the old treaty, and which he expects will be helpful to Canada in enabling this country to secure a greater share of trade from New Zealand and on the other hand will be helpful to New Zealand in enabling that country to secure a large share of our trade.

I propose to make a few general observations with regard to the treaty itself and its desirability, which is not questioned by any hon. member in the house, nor indeed, I think by the Canadian people. I shall not worry my hon. friend the minister in putting through his treaty, with the same kind of political criticisms that we had to face from several hon. gentlemen on the other side, especially the hon. member for Dufferin-Simcoe (Mr. Rowe), when the previous treaty was under discussion. We were told that the government then in power was destroying Canadian agriculture and the butter industry because we imported some of our butter from New Zealand. The minister is not going to be worried by me with any unfair criticism at all. I quite realize what the member for Comox-Alberni (Mr. Neill) has said, that the sister dominion of New Zealand is a country of whose total exports 92 per cent are pastoral products. There are such exports as kauri gum and hemp, but these are infinitesimal compared with the pastoral products which New Zealand exports. New Zealand raises sheep and is probably one of the finest sheep-raising countries in the world. Therefore she exports wool and mutton. New Zealand raises cattle; therefore she must sell hides and beef. New Zealand has probably the finest dairy herds that can be found out of doors, and therefore all dairy products, whether cheese, butter, condensed milk and milk products must be a substantial part of her export trade. No hon. gentleman on the opposite side or on this side can expect any minister of trade and commerce, past, present or future, to make a deal with the sister dominion of New Zealand without holding out some hope to that dominion that we will endeavour to take a substantial amount of these products, and no politician need go among the farmers of this dominion and tell them that their com-

modities will not have to compete with commodities imported from New Zealand if a satisfactory trade treaty is arranged. Therefore I am glad to have the minister stand up in the house and be as frank and as honest about the question as he was in his opening remarks when he said that any trade treaty must be a case of give and take.

But there is a feature which is helpful in promoting trade between this country and New Zealand—namely that our respective seasons are opposite to each other. This feature does relieve the situation to some extent. We can export apples to New Zealand at the very time they are required; and New Zealand can export apples to us at the very time when our apples are not ripening. There are only two or three months in the year when we have not a surplus of eggs and at that time New Zealand's hens are laying. Hansard contains a speech made by me when I was in my hon. friend's position refuting the accusation that we were allowing tremendous importations of eggs. Canada never imported many eggs. Canada always started to accumulate eggs for storage in April, and by December had 175,000,000 to 200,000,000 dozen in storage. True, in January and February we may have run short, and then we probably imported a million dozen or so from the United States. I say to my hon. friend the minister that if the eggs that formerly came from the United States can now be imported from New Zealand, I shall be very glad he has made the arrangement. Likewise in connection with any other commodities which we have to import, I would rather import them from a sister dominion than from a foreign country, whether it be New Zealand apples rather than Oregon apples, or New Zealand eggs rather than American.

There is another point with respect to the treaty that has been referred to in this discussion, which the minister has to a considerable extent cleared up; that is stability of trade is very desirable at the present time. Someone said recently—which I think must appeal to every man who is facing the difficulties of government or of business at the present time—that prosperity was largely based on faith plus activity, and that depressions were usually caused by fear plus inactivity. If business is to progress by satisfactory trade arrangements with New Zealand or with the other parts of the British Empire who will be represented at the conference to be held here this summer, there must be some faith in the country, and there must be some faith in governmental legislation which will allow trade to flow with the fewest possible obstacles. In making a treaty with New Zealand I think the minister would do well to remove from the treaty every particle of influence of order in council legislation, and let the people of New Zealand and the people of Canada know exactly what will be the rates of duty, for the period of a year. It is all very well to talk about emergencies. Emergencies may arise, but when an Australian exporter comes to Canada and establishes a market, whether it be for eggs, for butter or for condensed milk, he comes here with the understanding that his government has made an arrangement with the Canadian government whereby he may do business. If, after he has begun to distribute his product throughout Canada, some producer of that product in Canada makes a strong appeal to the minister the whole question is held up for negotiation. I submit to my hon. friend that this is not very encouraging to the man who has come here to sell his goods. On the other hand if a Canadian exporter establishes agencies in New Zealand and arranges contracts, and then someone in Australia suddenly discovers that the import comes into competition with industries already established, to have the whole question reopened is not very satisfactory to the Canadian exporter. Therefore may I submit to the minister that my principal criticism of his treaty is that the rates of duty are not definitely established. The privilege contained in sections 35 to 40 referred to of putting a value on goods by order in council in my opinion may destroy the advantages offered in the treaty. We should know definitely that we are going to have an established rate of duty into Canada, and that when New Zealand starts to do business it will not be injured by the application of the dumping duty or by an increased valuation being placed on imports.

What business may be done in Canada in condensed milk I do not know, but I do not think the business in butter will bother anyone, because the fallacy of everything that was said from the other side of the house during 1929 and 1930 has been amply demonstrated, and I have no desire to rub it in. At that time we had general prosperity in Canada. I defended the old New Zealand treaty which was an extension of the Australian treaty, and I will defend my hon. friend's treaty when he works out the details. We must buy something from our sister dominion. Under the old treaty Canada was enjoying prosperity greater than was enjoyed by any other country with a similar population. We were consuming thirty-five or thirty-six pounds of butter per capita in this country, and we were not producing enough

butter to meet the demand. No country in the world ever had such a high per capita consumption of butter. The reason we were importing butter was very simple. There had grown up a trenmendous consumption of fresh milk. The condensed milk business was built up and was taking a large part of the flow of milk of many of the best herds in some of the best dairy districts in Canada. As the hon. member for Gaspe said, there was a large volume of cream going from the eastern townships to the United States, and the use of ice cream was rapidly increasing. All these lines of business were more profitable to the Canadian milk producer than was the production of butter, even at the price then obtaining. As a result Canada was short of butter to the extent of some thirty to fifty million pounds yearly. Butter importations amounted to about one-sixth of our consumption, and as a result of that importation we were doing a good business with New Zealand in manufactured goods. I said in the house and on the hustings, and I say now to my hon. friend the minister, that if he does have to import dairy products and as a result of this import he can increase the volume of manufactured goods being sold to a sister dominion, the workmen who will manufacture these goods in Canada will consume much of the condensed milk and butter and eggs imported, so on the whole the trade will be a good trade.

I hope that never again in this country or in this house will we have the exhibition of hypocrisy and insincerity that we had in connection with the criticism of our importation of butter from New Zealand. I shall not offer my hon. frend the minister any political criticism with regard to his treaty, such as was offered to us; when he is prepared to take his treaty item by item and explain the reasons which actuated him in arriving at his decisions, I think he will find that we will agree that in most instances he has made a splendid treaty. Why should we object? This government is continuing the policy which we inaugurated. I know very well that many items are included in the present treaty which were not included in the Australian treaty.

Undoubtedly it was desirable to have a new treaty with New Zealand. Agriculture is predominant in that country; it is not quite so much so in Australia, and it is not so prominent in Canada. In other words, Canada has a larger percentage of manufactured products than either of our sister dominions, Australia is following closely in our wake, but New Zealand is not so close. Therefore the treaty which might be made by the minister with Australia might not suit the requirements of trade with New Zealand. In 1925 Canada extended the terms of the Australian treaty to New Zealand, and in my opinion that was not as satisfactory as a separate treaty. I am glad the minister is making a separate treaty, and I am also glad that he has made a new treaty with Australia. Everyone has now come to the conclusion that we cannot get out of the present depression by stifling international trade, and we in Canada have agreed that the first way to build up trade is to extend our trade within the empire. Now that everyone in Canada has accepted the policy; now that both sides of the house have agreed on the principle, I hope the minister will have absolutely no trouble. The people of British Columbia should be very well satisfied, though the Fraser valley milk producers may have some grievances; as their condensed milk production is now highly developed.

Butter is on an export basis to-day, due to the lack of prosperity in this dominion. I find from the statistics issued by this government that butter consumption has dropped from 350,000,000 pounds to 217,000,000 pounds, which is a tremendous drop in domestic consumption. Little wonder that we are on an export basis; little wonder that export prices prevail. May I point out to hon. members that when prosperity reigns in Canada our industrial workers undoubtedly consume a larger amount of our agricultural products. Under the conditions which existed from 1922 to 1929, there was an excellent market in Canada for all dairy products, and it was only because prices were high here that New Zealand was anxious to export butter to Canada rather than to England. Now, with the industrial depression which my hon. friend is trying to help relieve by the creation of a market in New Zealand for certain manufactured goods, we have at home an added market for agricultural products, but our surplus supplies must still compete in the markets of the world with the products of New Zealand, Denmark and every other dairying country.

That is the situation. The New Zealand treaty was cancelled by the late government for two reasons, first because it was due for readjustment and secondly because the terms of the general treaty with Australia were no longer applicable to New Zealand. We had hoped to negotiate a new treaty in a very short time. I am not going to chide the

minister for having let two years go by before bringing in this treaty. I know the difficulties with which he has been confronted, but now the question comes up as to whether under the new treaty or not he has lessened the sacrifice that was supposed to be made by the farmers of Canada under the old treaty. The farmers' wives in this dominion were told in the election that their pin money, their household money, came from butter, and that the iniquitous government which allowed this flood of New Zealand butter to come in was depriving them of a good deal of that money. My hon. friend has thrown his protective arm around the farmers' wife with a five cent tariff on butter. I compliment him on it, but I do not think it matters whether the duty is five or ten cents, because we are now on an export basis and it will take a considerable period of prosperity before Canadians will consume all the butter that is made in this country and again be on an import basis. I had not the pleasure of being present when wool was being discussed, but the farmers themselves, were told that if we in this country would follow the protective tariff system and grade down our tariffs all the way from textiles to wool, there could be protection for the farmer; they were told that there would be benefits to the farmer through a tariff on wool. Whether or not my hon. friend is going to put a duty on wool when the Imperial conference comes on, I do not know. But I do know this, that the promise which was made by hon. gentlemen opposite that, if it was to apply to textiles, it should apply right down the scale to wool, has not been kept. After listening to the speech of my hon. friend from Dufferin, about how cheaply milk and wool were produced in New Zealand, I am afraid that if the minister has given some protection to the dairy farmer's wife on her butter he has left the farmer himself to face the full force of the New Zealand competition on wool. In other words, the producer of wool is granted nothing under this treaty. My hon. friend knows that the countries from which raw wool would come would be New Zealand and Australia, should we develop the spinning of wool extensively in Canada. Certain manufacturers in this dominion have constantly said that the whole Canadian clip, of which there is a tremendous surplus in storage at the present time, could be used in Canada. It is not being used however, and the fact remains that wool growers are still open to competition from New Zealand. Nevertheless I still believe the minister has worked out a fairly good treaty. As a party we did not promise protection on wool, nor did we promise protection on butter, but we truthfully explained that there were certain benefits to be derived from trade treaties.

I do not know that the minister could have made a better treaty than he has. He had to sacrifice something; he could not have everything; and I was indeed delighted to hear him say in his opening remarks that, in order to make the treaty, there had to be a certain amount of give and take. I am going to compliment the minister on the treaty. I think his terms in connection with the automobile industry, with the lumber industry, and in connection with pulp and paper, some of which terms are the same as under the old treaty, are very good terms. I think that he has added to the list of goods for which we desire favourable entry into New Zealand, many commodities which were not included in the Australian treaty and for which the manufacturers had asked favourable consideration when the treaty was under revision. In fact, I believe the treaty is probably as good a treaty as could be made, and when it is considered item by item the minister will be able to explain the changes satisfactorily to the committee.

I do submit in conclusion, however, that no treaty, that we may make with any country is going to be as valuable a treaty, if the rates are uncertain, as if they were fixed. It is difficult for me to comment at the present time, not having studied the New Zealand terms and privileges under her customs laws. Knowing the embargoes that have been placed against imports by Australia and New Zealand, knowing the difficulties of these governments on occasion, and the means they have had to resort to—it is not easy for me, to have the faith in the productive results of this treaty, under these circumstances, that I should like. If there were an absolute assurance such as there should be if, for the short term of one year, that terms of the treaty would be carried out without restrictions of any kind; that the right was denied to either country to put in any new tariffs restrictions or embargoes, I should like the treaty better. I do submit to the minister that, with his keen desire to see this trade a success. With the reasonably favourable terms which he has made and on which he has a right to be complimented by the people of the dominion, he should not allow orders in council, or the privileges and powers under the extraordinary legislation which exists at the present time,

to hamper the business of Canada by applying the dumping or valuation clause. Let business flow, under the terms of the agreement and I think the treaty will be a success.

Mr. STEVENS: I wish to thank my hon. friend for his very fair criticism. May I suggest that we proceed item by item. If we did so, seeing that I have answered the very broad and general questions of principle that have been put to me, I think I could explain the items to the satisfaction of the committee.

Mr. COOTE: I would not speak now, but for some time I have been trying to get the floor to say a few words in regard to the treaty. So far as I can see, the treaty offers advantages to the farmers of New Zealand and advantages to the manufacturers of Canada. I noticed an article in the Financial Post of April 30 under this heading:

New Zealand opens market for many companies.

Canadian auto manufacturers very pleased at new treaty.

"The treaty is very gratifying," said Wallace R. Campbell, president and treasurer of Ford Motor Company of Canada to The Financial Post. . . . General Motors hopeful. General Motors officials questioned by The Financial Post were also hopeful that the treaties would mean more business for the Oshawa plant. . . . Officials of Willys-Overland Limited tell The Financial Post that the preference on the basis of a car costing $500 in the United States means a benefit to Canada of $95 per car as against $32-$35 heretofore. This is for a car unable to qualify under the seventy-five per cent content law.

The article goes on:

Other lines of Canadian industry which expect material benefit from the new treaty announced in the Commons this week are lumber, iron and steel tubing and rubber, silk hosiery, building products and implement manufacturers.

It names certain companies that would be likely to get very direct benefits from the treaty, and then the Financial Post takes up the other side of the picture—the case of the Canadian farmers:

Just what Canadian wool growers will say about continuance of free entry to New Zealand wool is problematical. They probably will object strenuously. This concession to New Zealand, together with a lowering of the butter tariff from eight to five cents, are the two chief items in favour of New Zealand.

I think it is clear from this article that it is this writer's opinion that the advantages, so far as New Zealand is concerned, are for New Zealand farmers, and so far as Canada is concerned, for the manufacturers of Canada. In other words, the concessions given by Canada are at the expense of the farmers of Canada, if tariffs on the farm products are of any assistance, as members of the party opposite have always claimed so persistently. In the campaign the Prime Minister was reported to have said to the farmers, "I will make tariffs fight for you." It seems to me that so far as this treaty is concerned the word "for" has been left out.

As I read the terms of the treaty now before us, wool is placed on the free list while blankets bear a rate of 22½ per cent; wool travelling rugs, 30 per cent and wool floor and carpet rugs, 25 per cent. In view of the discussion which took place in this house on February 22, I am unable to understand why this treaty should contain these provisions. On that date the following resolution was moved by the hon. member for Maple Creek (Mr. Swanston):

That, in the opinion of this house, it is expedient that the government of the Dominion of Canada place a duty on raw wool that would reasonably protect the Canadian wool growers.

That resolution was adopted by a vote of the house. In speaking thereon, the Minister of Agriculture (Mr. Weir) said:

Is it worth while to do something to keep alive this industry into which these men have put so much?

The hon. minister was referring to the sheep growers.

Personally, I feel that it is. If they were not efficient it would be a different thing, but they are as efficient as the sheep farmers of any country in the world. I have no hesitation in stating that we should put forward every effort to keep this industry alive.

The resolution asks that a tariff be placed on raw wool. That alone would not be sufficient to protect the wool industry. I feel that any tariff that will protect the wool industry must be on the whole schedule of wool from wool in the grease, wool scoured, wool tops, yarns and so forth. I therefore apprceiate this opportunity to put myself on record as being in favour of the resolution.

I cannot help but feel that the next time a trade treaty is to be negotiated it would be only proper that the Minister of Agriculture go along as one of the negotiators. This resolution was the subject of considerable debate, and I notice that, among others, the following members spoke in support of it:

The hon. member for Maple Creek (Mr. Swanston).
The hon. member for Lethbridge (Mr. Stewart).
The hon. member for East Calgary (Mr. Stanley).
The hon. member for East Simcoe (Mr. Thompson).
The hon. member for Cariboo (Mr. Fraser).
The hon. member for Yale (Mr. Stirling).

The hon. member for East Algoma (Mr. Nicholson).
The hon. member for Long Lake (Mr. Cowan).
The hon. member for Queens (Mr. Myers).
The hon. member for Rosetown (Mr. Loucks).
The hon. member for Marquette (Mr. Mullins).

I wonder where our genial friend for Marquette was when this treaty was being negotiated? The motion was carried by a vote of 77 to 32, a very substantial majority. So far as I can remember, all the members of the government who were then present supported the resolution. I do not think the wool industry is being treated properly when a trade treaty is negotiated which places wool on the free list but which imposes the rates already quoted against articles made of wool. During the discussion on the resolution the hon. member for Cariboo stated that 30 per cent of the imports of wool into Canada came from New Zealand—at least that is my recollection. It seems to me that the government has not been fair to the house or to itself, considering the vote on the resolution, when it negotiated the treaty now before us.

I should like to ask the Minister of Trade and Commerce if he did not overlook something when negotiating this treaty, and that is the question of depreciated currency. I am informed that the New Zealand pound is quoted in Canada to-day at $3.75. That means that the exporter in New Zealand enjoys a premium on Canadian funds amounting to approximately 25 per cent. In many cases that equals the tariff on the goods he is shipping into Canada. Speaking in the house on April 11, the minister very frankly and forcibly stated that we were justified in placing a dumping duty against British goods because there was a depreciation in the British pound. He put a very definite question to his friends across the chamber when he said:

> If a country with a depreciated currency were suddenly to commence shipping goods into Canada at prices obviously below the cost of production, and further assuming that such goods were on the free list and Canadian industries were threatened thereby, would Canada be justified in taking effective measures to prevent the influx of those goods?

Wool from New Zealand has been coming in free of duty and it will continue to come in free of duty. The currency of New Zealand is depreciated 10 per cent below Great Britain's currency and this wool will be coming into Canada at less than the cost of production. If a dumping duty should be applied against Great Britain because of a depreciated currency, should it not also apply in the case of New Zealand or any other country which has a depreciated currency?

Mr. YOUNG: The hon. member wants that done?

Mr. COOTE: If the argument of the hon. minister in connection with Great Britain has any weight, surely it should have the same weight in connection with New Zealand. A shipment of wool sent by a farmer in New Zealand to Canada and netting the shipper $1,000, would return the equivalent in New Zealand currency of $1,250. The Canadian farmer making a similar shipment would receive only $1,000. How can the Canadian farmer hope to compete against the New Zealand farmer under these conditions?

If there is anything in the claim of the government that protection is of value to the farmer, I think that the sacrifice which the hon. member for North Bruce said was necessary is being made by the Canadian farmer. Again using the expression of the hon. member, the giving is by the farmer and the taking by the manufacturer. I think this applies particularly to the automobile manufacturer, who has been the pet of all governments as far as tariff favours are concerned.

Before concluding my remarks I might point out that the Minister of Trade and Commerce is recorded in Hansard as having voted in favour of the resolution to which I have referred, and it is to be regretted that he apparently forgot about the resolution when negotiating this treaty with New Zealand.

Mr. STEVENS: After recess I suggest that we take up the treaty item by item.

Mr. RALSTON: Will the minister try to have available the information in connection with the New Zealand rates of duty applicable to the goods dealt with in schedule B?

Mr. STEVENS: If my hon. friend refers to the schedule in the votes and proceedings, I think he will find there—

Mr. RALSTON: I find there a column on page 377 of the votes and proceedings.

Mr. STEVENS: Schedule B.

Mr. RALSTON: Items in schedule B. What I find there is a column headed "British preferential tariff," "general tariff" and "rate to Canada." What we want is the rate which was in force under the old treaty on those items. I presume I can take it that the rate which was in force was the British preferential tariff. I want to be sure about that.

Mr. STEVENS: When the Australian treaty and the order in council extending it to New Zealand were in operation, I think it will be found that in virtually every case the British preferential applied.

Mr. STEWART (Edmonton): Not altogether.

Mr. RALSTON: Could the minister make sure of that?—because there are only twenty-five items.

Mr. STEVENS: I think I am right in that: the British preferential applied to Canadian goods entering New Zealand. Before August, 1930, the British preferential generally applied to Canada.

Mr. RALSTON: That was the British preferential generally in force in New Zealand at that time?

Mr. STEVENS: Yes.

Mr. RALSTON: Our difficulty is that we do not know whether the British preferential in force at that time is the British preferential that is now set out in the schedule.

Mr. STEVENS: There may have been some modification since then. I do not know whether we have the very latest figures.

Mr. RALSTON: The situation is the other way about. the latest figures are given in this column. It is the earlier figures we should like to have.

Mr. STEVENS: We shall endeavour to get that for my hon. friend.

Mr. RALSTON: In a word, what were the rates under the British preferential tariff in force when the old treaty was in effect, against Canadian goods set out on pages 377 and 378 of the votes and proceedings?

Mr. STEVENS: We shall endeavour to get that after recess.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 47 for the relief of Eva Corker Trill.—Mr. Bell (St. Antoine).

Bill No. 48 for the relief of George Senkler Morgan.—Mr. Bell (St. Antoine).

Bill No. 49 for the relief of Agnes May Jack Evans.—Mr. Bell (St. Antoine).

Bill No. 50 for the relief of Mabel Constance Small Cossar.—Mr. Bell (St. Antoine).

Bill No. 51 for the relief of Olive Pearl Beattie Watkins.—Mr. Bell (St. Antoine).

Bill No. 52 for the relief of Assad Kalil Eddy, otherwise known as Joseph Canile.—Mr. Bell (St. Antoine).

Bill No. 54 for the relief of Georgina Linda McIndoe Howard.—Mr. Bell (St. Antoine).

Bill No. 55 for the relief of Antonio Poliseno.—Mr. Lawson.

Bill No. 56 for the relief of Dorothy Gertrude Silcock Wilson.—Mr. Bell (St. Antoine).

Bill No. 57 for the relief of Beulah Isobel Phillips Eakin.—Mr. Bell (St. Antoine).

Bill No. 58 for the relief of George Seymour Dixon.—Mr. Bell (St. Antoine).

Bill No. 59 for the relief of Audrey Meredith Mann Redpath.—Mr. Bell (St. Antoine).

Bill No. 60 for the relief of Ethel Seigler Nissenson.—Mr. Jacobs.

NEW ZEALAND TRADE AGREEMENT

The house in committee on Bill No. 62, respecting a certain trade agreement between Canada and New Zealand—Mr. Stevens—Mr. Bury in the chair.

The CHAIRMAN (Mr. Bury): Is it the pleasure of the committee to take up first the schedule or the bill?

Mr. STEVENS: I think we had better proceed with the schedule first.

On article I.

Mr. YOUNG: What is the purpose of subclause 2?

Mr. STEVENS: The shipping between Canada and New Zealand touches at only two or three of the main ports; it does not touch at some of the sub-ports, and very occasionally there might be a shipment of goods which it would not pay to take to one of the main ports and transship, but which could be sent by a vessel not running direct to Canada. We are assured these cases are very few, and when they arrive it must be made clear by the government of New Zealand that it is not possible to make the shipment direct.

Mr. YOUNG: Does any volume of goods we now import from New Zealand come here through any other country?

Mr. STEVENS: Yes, they are landed at San Francisco, and some at New York; just in what quantity I would not be prepared to say.

Mr. YOUNG: Supposing a Canadian importer wishes to import goods that originated in New Zealand, and finds it to his advantage to buy such goods that came in via San Francisco, would it not be in the interests of all Canada to permit him to do so?

Mr. STEVENS: The theory behind direct shipment is of course that when two countries enter into an agreement that carries preferential rates, it is only reasonable and fair that the business developed as a result of such agreement should be carried by the shipping and through the ports of the respective countries as far as possible. Of course, we have subsidized ships.

Mr. YOUNG: I cannot see the advantage in it.

Mr. ILSLEY: What is the reason for the different wording of paragraph 2, article I, and paragraph 2, article II?

Mr. STEVENS: The same situation does not occur in regard to Canada; we have no difficulty in shipping direct to New Zealand. It is a geographical difference.

Mr. STEWART (Edmonton): Is there any difficulty in shipping direct from New Zealand to Canada?

Mr. STEVENS: None at all.

Article I agreed to.

On article II.

Mr. STEVENS: This is the same as article I, except as to subsection 2.

Mr. STEWART (Edmonton): Is there any conflict with respect to the manufacture of automobiles?

Mr. STEVENS: No, it does not conflict. That is the formula adopted by New Zealand in reference to matters of this kind. We followed their own wording.

Article II agreed to.

Article III agreed to.

On article IV.

Mr. YOUNG: Before dinner I drew attention to the fact that although under this section the dumping clause did not apply, still the section gives the minister power to fix the value for duty, and therefore the increased ad valorem would apply in this case. I do not wish to move an amendment lest I be taken to desire to embarrass the government, but I would suggest that somebody on the other side move that that clause do not apply.

Mr. STEVENS: Unfortunately we could not move an amendment without throwing the treaty out.

Mr. YOUNG: I do not think New Zealand would object.

Mr. STEVENS: This article was drafted by New Zealand and accepted by us.

Mr. YOUNG: Did they know about our laws at that time?

Mr. STEVENS: Yes, they know more about them than we do really. In our original draft we presented precisely the same form as in the Australian treaty; but the New Zealand representatives preferred this, drafted this, and asked for it; we accepted it. So there need be no misapprehension about it at all so far as New Zealand is concerned.

Mr. STEWART (Edmonton): What would happen in the case of some interested party in Canada objecting to a shipment from New Zealand; would this government notify the New Zealand government that the particular article was more or less under suspension? Surely under the agreement this government would feel bound not to impose drastic methods to prevent importation as they do under the general tariff. I suppose my hon. friend had butter in mind when he entered into this arrangement with New Zealand? He did not wish to get into the same fix as did his predecessors in that regard!

Mr. STEVENS: My hon. friend from West Edmonton (Mr. Stewart) has correctly interpreted the theory of the application of this article. It is not anticipated that it will be invoked at all, except under conditions which are extraordinary and abnormal. The whole theory of the treaty is that the two countries will carry on their business in an amicable manner with as little interference as possible with any of the terms of the treaty; but in case such a condition arose it was thought desirable—first in the Australian treaty, and then the same principle was incorporated in this treaty—not to have the whole treaty upset because of disputes on one or more items that might arise from time to time. Therefore this article was designed to meet such a contingency. It would certainly not be invoked simply by an individual indicating that he did not like the importation of a certain article. It must be shown to the satisfaction of the government that interests in Canada or in New Zealand, as the case may be, are prejudiced. I am quite certain that no government would invoke the article unless there were very sound grounds for so doing. We have found the clause very acceptable in the Australian treaty, and there has been no difficulty whatever in working it. It leads really to this, that if there seems to be some danger of competition that it is desirable to avoid, it opens the door for communication

between the two governments before anything is done at all, and thus we expect any difficulty to be overcome without even invoking the article. I hope I have made that clear to my hon. friend.

Mr. STEWART (Edmonton): I have been sitting here keeping silent and wondering why hon. gentlemen behind the minister have not raised the objections they brought forward on former occasions. I see that the minister has provided a way out, which will enable them to explain to their electors when they go home why they have now agreed to a treaty somewhat similar to the one about which they raised such a fuss in 1930. There are one or two items in the schedules about which I am wondering why hon. gentlemen are not raising any objection.

Mr. STEVENS: This principle was not in the treaty before 1931.

Mr. STEWART (Edmonton): I quite appreciate that, and I congratulate the minister on the treaty itself. More than that, I congratulate him on his ability to get around a very difficult and knotty question with regard to his own followers. May I warn hon. gentlemen opposite who were so vociferous in their denunciation of the Liberal government in their treaty negotiations with other countries, and who always found fault with the government whenever any little difficulty arose, that there will be difficulties in connection with this treaty, and they will have a great deal of yelling to do before the next election, because someone is bound to be hurt. I am all for it; the wider you can open the avenues of trade the more I will support that action. I am not alarmed about butter or wool coming to compete with Canadian products, but the amazing fact is that hon. gentlemen opposite receive it so quietly and without protest. I venture the assertion that if the Liberal government were putting this through there would be a horrible row raised by hon. gentlemen opposite, and I am not too sure that my hon. friend who is in the chair would not join in it.

Mr. SPEAKMAN: The question I have in mind has direct application to the present discussion. A few days ago a member of the government outlined to us the steps it would be necessary to take in connection with goods entering Canada from Great Britain, and he described certain actions which were taken with regard to the exchange situation and the depreciated currency in Great Britain. We were told that it was found necessary to put valuations on goods and so on to meet that situation.

As I understand it, the currency of New Zealand at the moment is at a lower point than that of Great Britain, and the difficulty in connection with the exchange that existed with regard to Great Britain would exist, I imagine, to a greater degree with regard to New Zealand. Did any discussion take place on that point, or was there any suggestion that it might be necessary to take action with respect to New Zealand as was the case with respect to Great Britain?

Mr. STEVENS: I think I can explain that in a few sentences. The exchange situation in New Zealand has obtained for some considerable time, much longer than it has in England. I think it is acknowledged by all students of the subject that following a depreciation of currency prices will adjust themselves and price levels will rise.

Mr. SPEAKMAN: In the country where the depreciated currency exists.

Mr. STEVENS: Yes, where the depreciation occurs. There is usually a considerable lag between the time they go off the gold standard, say, or whatever causes the depreciation, and the time when the price levels will have adjusted themselves to the new standard. In New Zealand that situation largely obtains; the price levels have risen not altogether but in substantial measure to a degree commensurate with the depreciation of the currency.

My hon. friend from Macleod this afternoon referred to the time when England went off the gold standard. If I may use the expression, England went off the gold standard with a bang. There was no notice given; she just went off that standard between Saturday night and Monday morning, and the currency depreciated very rapidly. It went down with one plunge to a very low point; there was not a gradual decline such as occurred in New Zealand, for instance; the decline was very sudden. Between the time of that sudden sharp decline and the time that prices, through purchases of raw material and so forth abroad, could begin to adjust themselves, there was an opportunity for profiteers, if you like, to take undue advantage of that situation in dealing with British goods, to their own individual advantage and to the injury of the country to which the goods were sent. This dominion recognized that fact, as did other countries, and we stabilized the pound for the time being at $4.86, or par value. Some little time having elapsed, we later allowed the price for exchange values to be $4.40.

I do not desire to argue to-night whether or not that was the correct thing to do, or whether it was right or wrong, but I do want

to point out the difference in the two cases. In my opinion there is no occasion for alarm because of the depreciation of New Zealand currency, although mark you we would certainly welcome the time when the currency of the British nations and of other countries might become stabilized, which would relieve Canada as well as other countries of the anxiety, the worry and the bother of dealing with depreciated currency. I must confess that I think the situation has adjusted itself to a degree, though perhaps not fully.

Mr. BEAUBIEN: Just one question; I do not want to delay the committee. May I ask if the hon. member for Dufferin-Simcoe and the hon. member for Haldimand approve of this treaty?

Mr. STEVENS: It is not customary to make formal reference to indivdual members in this way. I cannot speak for them, but I know that I enjoy the confidence and the good will of the hon. members to whom my hon. friend has referred.

Mr. BEAUBIEN: They are two very fine members, but may I tell the minister that during the session of 1930 those two hon. members were sent to Manitoba, to Quebec, to Nova Scotia and practically all over the country by the Conservative organization directed by General McRae, who is now in the other house, to tell the farmers of Canada as a whole that if the Conservative party came into power, New Zealand and Australian butter would not come into this country. I do not take the minister very seriously when he says the depreciated currency of New Zealand will have no effect. We have an example in what has been done in England, and that twenty per cent advantage in exchange will bring down the duty on butter. I think before this treaty is finally passed those two hon. members who spoke on this subject so often during the campaign should state their views regarding this treaty. An immense amount of literature was sent out from this building with regard to the importation of New Zealand butter, and I think the whole matter should be looked into in order to see whether those two hon. gentlemen were trying to get into power or whether they were really in earnest in the remarks they made.

Some hon. MEMBERS: Carried.

Mr. BEAUBIEN: The hon. member for Compton was the worst offender in the house.

Mr. SPEAKMAN: I had in mind also the statement made last year by the minister in reference to Australia, whose currency was depreciated. Australia was stated by the minister to have a very material advantage over Canada in the oriental market because of the position of her currency. So, like the hon. member who has just spoken, while I hope the situation will not be complicated by the exchange I am not quite certain in spite of the explanation just given.

While I am on my feet I want to say one word about one phase of the treaty itself. It is unfortunate, but I think it is unavoidable, that in making such trade treaties with our sister dominions of New Zealand and Australia, we are inevitably confronted with this difficulty: in the main, the goods which they must sell—leaving out a long list of smaller items—the goods to which they must attach overwhelming importance must be such commodities as meats, dairy products, wool, hides and other products of the farm; and if they are to get any advantage at all from the treaty they must increase the sales of these articles in this country. This is an important matter, and I appreciate that it is unavoidable when you are dealing with these two countries whose exports are of that kind. I understand, of course, that industrial conditions in this country will be improved by the treaty and the farmers will, of course, receive some indirect benefit. There will be an increase in employment and greater purchasing power among those engaged in industry in Canada, and that will, in a degree, make up for any loss the farmers may suffer. But at the same time I cannot close my eyes to the fact that it is impossible to make a treaty with these countries without, so far as expense is concerned, making it at the direct expense of agriculture and for the direct benefit of other vocations. The amount of indirect benefit the farmers will receive is unknown, and undoubtedly it will be a counterbalancing factor, but I do hope that the minister, in the interests of Canada, and of agriculture particularly, will keep a very close eye on the importations of dairy and other products such as wool, which will come into the country. Wool will come in free while under the same treaty woollen blankets made from that wool will enter under a considerably protected tariff. I hope the minister will see to it that if it does reach the point where agriculture is threatened without some compensating advantage, some other arrangements will be made; because we all hope that, while the manufacturers of our country will receive the full advantage of the treaty and will prosper, they will not obtain that prosperity over a tariff wall to the disadvantage of the farmers. I trust that this will be kept in mind when the treaty is in operation.

Mr. MUNN: In British Columbia the lumber and paper industry will benefit by this treaty. Normally, the lumber and paper industries employ about 40,000 people, and to-day there are less than 10,000 employed in the lumber and paper industry in that province. Being in the lumber industry myself, I am glad to support this treaty. It has been said that there must be give and take in a matter of this kind, and I can assure you that when these 30,000 people who are now idle are employed, they will not be growing wool or making butter; they will be customers for the farmers producing those things:

Mr. SPEAKMAN: I recognize the indirect benefit to agriculture, and while I believe in the principle of give and take, I hope it will not be the farmers who will be giving altogether and the others who will be taking.

Mr. KENNEDY (Peace River): I suppose it is true that some people who will get the advantage of the treaty will be eating more butter than they would if they were idle, but it might be New Zealand butter. I do not think that under tariffs you can have absolute equality; you have to make the best arrangements you can. In a treaty of this kind, I do not know that I would have very much complaint about making certain sacrifices for the fishing industry, the lumber industry and some others that we have in Canada. But what about the automobile industry? We have a tariff on automobiles, and the manufacturers take full advantage of it when they sell cars to farmers and others in Canada. It is very easy to demonstrate that they do take full advantage of the tariff, and on the other hand we are sacrificing to some extent to give them markets abroad. There is an Imperial conference coming and it is just possible that there will be a chance to even things up by means of some arrangement between Canada and other parts of the empire, possibly Great Britain, and I trust that some of these manufacturers at least will be willing to give way in some cases, if it is necessary, in order to assist agriculture.

Mr. RALSTON: I want to add my protest to the protest made this afternoon against the principle of this section. This section would not be so bad if the provisions of section 6 of the Customs Tariff Act of Canada had not been completely changed and distorted out of their original application by a change in the sections from 36 to 43, which provide now that the price to be fixed for duty purposes shall be, not simply the domestic price, the usual price in the country of origin, but any arbitrary price that may be fixed by the minister. Under these circumstances, this treaty is going to be subject to all the fluctuations and instability of other items in the tariff schedule of this country, and it is a poor beginning in making a treaty, particularly one which at most is to run but for one year, to inject into it such an element of uncertainty as is contained in the provision that section 6 of the Customs Tariff Act may apply. Section 6 permits not only the charging of the difference between the invoice price of the article and the proper domestic price of the article as sold in the country of origin, but the charging of the difference between the invoice price and any arbitrary price which may be fixed by the minister. That is a poor principle to introduce into a treaty, especially a treaty of such short duration as this; and in the interests of stability and of good relations between the countries concerned it would be most desirable to leave this out. Stabilization of tariffs was one of the things on which our friends opposite went into power, but stabilization of tariffs and of economic conditions has been about the last thing they have accomplished, and I do not think that our sister dominion of New Zealand should have such a condition imposed upon her. My hon. friend says that New Zealand has consented to it, but I say that we should not place Canada in the position of having to exercise such a power as is given here. Let me give an example. Suppose any shipment of goods—I will not specify any commodity —comes from New Zealand, bought by a consumer in this country at an invoice price which he believes is right, and for some reason or other a manufacturer or producer in Canada makes representation to the government, while the goods are on the water, with the result that notice is given under this section. When the importer comes to pay duty on those goods which he has purchased at a certain price and has probably resold, he finds that section 6 of the Customs Act has been applied, the dumping duty has been put on, and he is subject to loss under the contract of resale which he has made. I submit that that is not good for the consumer in this country, neither is it good for the relations with other dominions. I protest against the principle contained in this article, which makes it not only elastic but introduces into our trade treaties the jumping-jack provision, if I may so term it, contained in section 6 of the Customs Act.

On article V.

Mr. RALSTON: Could the minister tell the committee whether or not sections 11 and

12 of the New Zealand Customs Amendment Act are the same as section 6 of our Customs Tariff Act?

Mr. STEVENS: Those sections are fairly drastic.

Mr. RALSTON: What is the collateral power? Is it to fix prices and determine the rate of duty to be imposed?

Mr. STEVENS: Section 12 reads:

(1) If and whenever the governor General is satisfied:—(a) that the existence of a duty of customs, or the rate of any such duty, or the exemption of any goods from duty, operates or is likely to operate in an injurious unfair or anomalous manner in respect either generally to the public interest or particularly to any industry, trade, business or occupation;—

And so on.

—he may, by order in council, suspend the existing tariff in whole or in part, and by the same or subsequent order in council may, in lieu thereof, impose on any goods such duties of customs, or create such exemptions from duty, as appear to him just.

Mr. RALSTON: At least that section is straightforward; it says in so many words that the minister has power to amend the tariff. It does not do it in the manner we attempt to do it, by saying that while we have not the power to fix the tariff, we can do the same thing in another way by fixing the value for duty purposes. I assume there is no limitation on the rate of tariff which can be fixed.

Mr. STEVENS: Not that I notice.

Article agreed to.

Articles VI, VII and VIII agreed to.

On article IX.

Mr. RALSTON: Is there a reciprocal rate in connection with the Cook Islands and Western Samoa?

Mr. STEVENS: We get the British preferential rate in both cases, but it is applied in a slightly different manner. The hon. member will notice the words, "subject to part XXI of the Customs Act 1913 of New Zealand." That brings the article into conformity with that act, and the effect is that we get the British preferential rate, although there are some duties which the Cook Islands are allowed to impose which are slightly different from the general New Zealand tariff.

Article agreed to.

On article X.

Mr. NEILL: Would it not have been better to have the treaty remain in force until notice of abandonment is given?

Mr. STEVENS: The suggestion was made by our friends in New Zealand that we make it for one year, due to the fact that an imperial conference is to be held at which their representatives will be present. It was anticipated that some unforeseen principle might arise out of the conference which would make it desirable to amend the article to conform thereto.

Article agreed to.

TARIFF RATES ON GOODS THE PRODUCE OR MANUFACTURE OF NEW ZEALAND

Schedule A—Customs tariff—7. Meats, fresh, n.o.p.: (a) beef and veal, 3 cents per pound; (b) lamb and mutton, 3 cents per pound; (c) n.o.p., 2 cents per pound.

Mr. COOTE: What were the importations under this item?

Mr. STEVENS: In 1931 the importation of beef from Australia was valued at $24,000; from New Zealand, $100,000; from the United States, $73,000, a total of $198,000. I am giving just the round figures. The importations of mutton and lamb from Australia were valued at $133,000; from New Zealand, $11,000; from the United States, $72,000, a total of $217,000. The importations of other fresh meats from New Zealand were valued at $5,000 and from the United States $13,000.

Mr. MOTHERWELL: What were the rates under the Australian treaty as applied to New Zealand by order in council?

Mr. STEVENS: Half a cent a pound.

Mr. MOTHERWELL: For the three items?

Mr. STEVENS: Yes.

Item agreed to.

Schedule A—Customs tariff, Canada—ex-8. Canned meats (other than kidneys and tongues), poultry or game; extracts of meat and fluid beef, not medicated, 15 per cent ad valorem.

Mr. NEILL: What does the "ex" mean?

Mr. STEVENS: It means part of an item.

Mr. MOTHERWELL: Let us consider how article IV will work out when applied to this item. Supposing meats were coming in in large volume and under an export marketing board which might be set up, as was done in Australia under the Patterson plan, the sheep men came to the minister and said that this had a prejudicial effect upon the mutton and sheep industry. If sufficient pressure was brought to bear upon the government it might decide to take action and inform the New Zealand authorities that unless something were done to correct this difficulty within three

weeks it would apply the provisions of section 6. If such a matter was turned over to the Minister of National Revenue (Mr. Ryckman), we know what he could do to it within a few minutes—he would tear it asunder.

Mr. STEVENS: I think my hon. friend is overlooking the fact that the duty has been increased from one-half to three cents a pound. We are expecting that that rate will have a reasonably satisfactory control over the situation, and I think this should be borne in mind when considering this question. Article IV would be invoked only in the case of an absolute necessity and not at the behest of any individual. I think my hon. friend can let his mind be satisfied on that point.

Mr. MOTHERWELL: These export marketing boards are getting to be quite popular. I notice they have one in South Africa as well as in the Irish Free State.

Mr. STEVENS: There is no doubt about that.

Mr. MOTHERWELL: They are talking abount having one in Canada. My hon friend knows how even the low tariff government that preceded this one invoked the dumping clause against butter coming in under the Patterson plan to such an extent as to keep it out. That is how it came in from New Zealand. Supposing they have a Patterson plan in New Zealand, they can put mutton or lamb on this market at a very cheap rate and this will be considered unfair. I know what will happen. My hon. friends will have a real old time of it and it will not take the Minister of National Revenue long to settle the matter. He will raise the tariff from stem to gudgeon in about three wiggles of a sucking lamb's tail, as the saying goes. I was hoping I would be able to take the same attitude on this bill as I did last year on the Australian treaty; but in this they are going from bad to worse and from there they propose to go to the imperial conference. This is a great training for that event. Where will it all end? I am astonished at the minister bringing down such a provision as this. For the life of me I cannot see why article IV cannot be rescinded without prejudicially affecting the treaty. Surely we can trust a sister dominion for twelve months. If we cannot, my hon. friends opposite might as well throw up their hands and admit they do not know how to run the affairs of the country.

Mr. GERSHAW: Might I ask if provision is made for the grading of these food products to ensure against disease coming in?

[Mr. Motherwell.]

Mr. STEVENS: There is no provision in Canada for grading imports from another country. I think New Zealand has a very fine system of packing and grading of its own.

Mr. MOTHERWELL: That will be attended to by the live stock branch. I think the work is under way now.

Mr. STEVENS: Yes.

Mr. DONNELLY: Does New Zealand allow our beef and veal to enter? What rate do they charge us?

Mr. STEVENS: We get the British preferential rate into New Zealand.

Mr. DONNELLY: How much?

Mr. STEVENS: The New Zealand tariff is a little difficult for us to find the particular item in it, but I understand the rate is 20 per cent.

Mr. KENNEDY (Peace River): I do not know whether this comes under the minister's department or not, but I wonder if a good deal of this mutton that is brought in from New Zealand is not sold over the counters as lamb.

Mr. STEVENS: I know, from occasionally getting my teeth into some lamb, a good deal of it is, at first, mutton. It is rather a reversal of nature, but I cannot guarantee against that.

Mr. LUCAS: I notice the rate on this item is three cents as compared with four in the British preferential. Do we get any rates into New Zealand less than the British preferential?

Mr. STEVENS: I think not.

Mr. LUCAS: I notice in several of the items the rates are higher than the British preferential.

Mr. STEWART (Edmonton): This is one item on which the minister should be congratulated. He is giving the farmers protection. This is almost the only thing the farmers have to crow about in this treaty.

Mr. MOTHERWELL: They will get a little more protection and perhaps they can do with it. At present, however, I am a temporary resident of the city of Ottawa, and I have to buy lamb. It makes all the difference in the world whether you are buying or selling. Like other residents, when I buy lamb I will

have to pay the three cents a pound extra duty. On a four-pound roast this is twelve cents. Now that we have a cut in our indemnities, how am I going to pay twelve cents more? I protest against it.

Item agreed to.

Schedule A—Customs tariff, Canada—ex. 8. Canned meats, viz:—kidneys and tongues: 15 per cent, but not more than three cents per pound.

Mr. RALSTON: I would point out that in this item there seems to be a reduction.

Item agreed to.

Schedule A—Customs tariff, Canada—9. Rabbits, frozen: free.

Item agreed to.

Schedule A—Customs tariff, Canada—10. Meats, prepared or preserved, other than canned: (a) bacon, hams, shoulders and other pork, free; (b) n.o.p., free.

Mr. STEWART (Edmonton): The minister has not been so generous with the farmer on this.

Mr. STEVENS: The rate remains the same as it was.

Mr. DONNELLY: What does New Zealand charge us for our bacon, hams, shoulders and other pork per pound? We want to know whether we made a one-sided bargain.

Mr. STEVENS: Twenty per cent to us and 40 per cent general. There is a preference there of 20 per cent.

Mr. CAYLEY: What amount was imported last year?

Mr. STEVENS: None from New Zealand; about $2,000,000 worth from the United States.

Mr. MOTHERWELL: Do I understand this to mean that bacon can come into Canada free and if we send it to New Zealand, the rate is 20 per cent?

Mr. STEVENS: Yes.

Mr. MOTHERWELL: I can understand some things like that happening, but it is the same four-legged porcine, whichever way you look at it. It is the same distance across whichever way you go. I should like to have the matter elucidated. I think I know the reason.

Mr. STEVENS: I have already tried to elucidate it. The rate into Canada is not changed.

Mr. MOTHERWELL: I do not care whether it is or not. This is the situation now: it is free one way and it is 20 per cent the other. If the rate on one side is a matter of antiquity, that does not render it immune from criticism. Is this perhaps the reason? They do not engage very much in hog raising over there.

Mr. STEVENS: That is it exactly.

Mr. MOTHERWELL: There is very little likelihood of much coming in.

Mr. STEVENS: No.

Mr. MOTHERWELL: That is the ground on which it can be defended?

Mr. STEVENS: Yes.

Mr. DONNELLY: Then is this just for window dressing to make it look like something?

Mr. STEVENS: It is one of the few items that New Zealand requested and we did not oppose it. We considered it was reasonable and fair.

Mr. DONNELLY: But the minister says this is just the same as it was before.

Mr. STEVENS: Yes.

Mr. DONNELLY: Why was it put into the schedule at all? It is just a little window dressing for New Zealand.

Item agreed to.

Schedule A—Customs tariff, Canada—13. Lard, lard compound and similar substances; cottolene and animal stearine of all kinds, n.o.p.: free

Mr. STEWART (Edmonton): Surely my hon. friends opposite are not going to let lard enter Canada free? Is there no protest from the other side?

Item agreed to.

Schedule A—Customs tariff, Canada—14. Tallow: free.

Mr. RALSTON: Will the minister explain why this article has been put on the free list? It was ten per cent under the old treaty. Were there any representations about it? It seems quite a drop.

Mr. STEVENS: It was one of their requests which we have met.

Mr. RALSTON: Is any appreciable quantity of tallow imported?

Mr. STEVENS: None. It is free under the British preferential, the same as under the new Australian treaty.

Mr. MacLEAN: It is almost beyond conception how the articles mentioned in items 13 and 14 are admitted free. I notice that even our good friend the chairman (Mr. Bury) has a resolution on the order paper which we will not reach this session, asking that a duty be put on these very articles. This will be another place where it will be interesting to see how our friends on the other side of the house are going to line up behind the minister on this trade agreement. We remember how they went all over the country during the last election campaign claiming that New Zealand butter was ruining the dairy industry, and only the other night the hon. member for Dufferin-Simcoe advocated in this house that a bonus be given to the products of mixed farming. To my mind that was really an acknowledgment by that hon. gentleman that the policy which had been pursued by his own party had proved a failure. He came down to my county with a friend from an adjoining county in Ontario and did me the honour of holding meetings in Prince county during the election, and he told the electors there that the whole trouble was with the New Zealand treaty, that the farmers of Canada were being ruined by it. Now our friends opposite, after having increased the duty on butter up to eight cents a pound and the old treaty set aside, come along with a new treaty putting a duty of five cents a pound on butter, and by reason of the depreciated currency in New Zealand that duty will practically amount to only three or four cents a pound. By standing up in this house the other night and advocating a bonus on the products of mixed farming, our friends opposite acknowledged the failure of the policy they advocated prior to the last election, and now they are asking the people of this country to come to their assistance and pull their chestnuts out of the fire by bonusing mixed farming. I am not surprised, therefore, that a number of hon. gentlemen opposite are absent from the house to-night when this treaty is going through.

Item agreed to.

Schedule A—Customs tariff, Canada—16. Eggs in the shell: free.

Mr. NEILL: Will the minister tell us the number of the item in the New Zealand tariff dealing with the importation of eggs?

Mr. STEVENS: Many of these items are not segregated in the New Zealand tariff but are included under provisions n.e.i.—"not elsewhere included."

[Mr. Stevens.]

Mr. DONNELLY: What quantity came in from New Zealand last year?

Mr. STEVENS: None.

Mr. REID: Suppose New Zealand currency depreciated to a very low point and we were getting a fairly high price for eggs in British Columbia, and New Zealand attempted to ship eggs in here. Would the dumping duty then be applicable?

Mr. STEVENS: Oh yes, provided the matter was treated under article IV.

Mr. NEILL: But you have made no provision in the treaty for dealing with depreciated currency.

Mr. STEVENS: Only in the general article IV.

Item agreed to.

Schedule A—Customs tariff, Canada—43. Condensed milk, the weight of the package to be included in the weight for duty: 2½ cents per pound.

Mr. CAYLEY: Are these rates on condensed milk and on powdered milk in the next item agreeable to the National Dairy Council?

Mr. STEVENS: We have no representations from the National Dairy Council in regard to that matter.

Mr. RALSTON: The minister assured us with respect to the other schedule of articles going into New Zealand that the government had received representations and assurances from those in this country who would be affected by the New Zealand duties, that is our exporters, and it seems to me that the same care should be taken to obtain the views of those who are going to be affected by the new duties on goods imported into Canada. The practice should apply just as much in the one case as in the other.

Mr. DONNELLY: What were the imports last year?

Mr. STEVENS: Our imports were $56,000 worth.

Mr. STEWART (Edmonton): Any from New Zealand?

Mr. STEVENS: No.

Mr. DONNELLY: How much butter and cheese came in from New Zealand last year?

Mr. STEVENS: Practically none. I have not the figures here.

Mr. CAYLEY: Has the minister figures indicating how much they produce in New Zealand?

Mr. STEVENS: No.

Mr. MOTHERWELL: How does New Zealand's currency compare with Australia's? Is it lower?

Mr. STEVENS: It is higher.

Mr. MOTHERWELL: I thought so. Suppose it should go down; is there any provision for jacking it up so that the protection will remain the same?

Mr. STEVENS: I do not think anyone would be warranted in expressing a dogmatic opinion, but I believe the indications are that exchange conditions in both Australia and New Zealand are improving.

Mr. DONNELLY: What is the quotation for the pound in New Zealand?

Mr. STEVENS: I did not look it up today, but I am told it was $3.77.

Mr. STITT (Selkirk): In regard to the depreciated currency of New Zealand in terms of Canadian currency, what is the amount of protection we have at the present time on, say, butter? If butter is worth twenty cents a pound, will the protection be five cents per pound, or four cents, or three cents, or two cents, or one cent? I would like to know just what this means?

Mr. STEVENS: There is a specific duty of five cents a pound. The differentiation in exchange would perhaps account for something in the neighbourhood of three cents or a little better, provided—and this is where, I think, some hon. members in discussing the question have overlooked an important factor—provided there had been no changes in the price levels in the country where the depreciated currency obtains. I am quite certain the price levels in New Zealand have risen considerably. That is an indefinite and more or less indefinable factor, but it has seriously affected the advantage gained by the depreciated currency. It would be very difficult to give a precise answer, but I think one may say the actual protection is in the neighbourhood of four cents.

Mr. DONNELLY: If butter is worth 20 cents a pound, the amount of protection would vary from day to day according to the rate of exchange. In other words, our protection would not amount to anything at all, it would be wiped out; New Zealand would be getting more for their butter than we would be getting for ours.

Mr. STITT (Selkirk): I do not know whether I am correctly informed or not, but I understand the New Zealand currency is 20 per cent depreciated with respect to our currency. If so, and butter is worth 20 cents a pound, the rate of exchange will diminish our protection to exactly one cent a pound—where it was before the last election. If that is true it will mean we are face to face—

Mr. STEWART (Edmonton): Every Tory will be beaten.

Mr. STITT (Selkirk): I am not worried about being beaten at all; that does not bother me a particle. But I remember that in my constituency, as in many other constituencies in western Canada, we told the electorate during the last election that we would keep out this New Zealand butter.

Mr. STEWART (Edmonton): Hear, hear.

Mr. STITT (Selkirk): I want to know, if the New Zealand currency is depreciated to the extent of 20 per cent, whether that has been kept in mind, because if that is the situation it means the ruination of our dairy industry. I think this is a mighty serious proposition for this committee, for a question of absolute honesty is involved.

Mr. DONNELLY: It is said the pound is depreciated to $3.77. If butter was worth 20 cents in Canada on account of the rate of exchange, New Zealand would be getting about 25 cents for their butter here in Canada. In other words, they would be getting more for their butter than the Canadians could get, so they could afford to pay three cents duty and have some 22 cents clear.

Mr. HANSON (York-Sunbury): I would commend to the hon. member for Selkirk (Mr. Stitt) and to the hon. member for Willow Bunch (Mr. Donnelly) article IV of the treaty, which is intended to meet just such a situation as is now being presented to the committee.

Mr. STEWART (Edmonton): For the information of the hon. gentleman who has just come in, may I say to him that we have discussed that article very fully, and the minister gave us to understand that there was to be some respect shown for treaty rights.

Mr. HANSON (York-Sunbury): What is article IV in there for, just padding?

Mr. STEWART (Edmonton): To let them out of a tight corner.

Mr. HANSON (York-Sunbury): I am not in a tight corner.

Mr. STEWART (Edmonton): Yes, you are.

Mr. HANSON (York-Sunbury): Let me tell the hon. member for South-Edmonton that he could not put me in a tight corner if he tried. It is suggested by hon. gentlemen opposite that the minister has said—I was not in the house during the preceding discussion—that article IV is not to apply to any specific case where it works a hardship. I do not think that is the intention of the treaty.

Mr. STEWART (Edmonton): May I say for the information of the hon. gentleman that he is wrong in designating me as the member for South Edmonton; I am from West Edmonton; but that does not make any difference. Let me add I am ready to take on my hon. friend at any time, in any place, and in any way. The hon. gentleman is in the habit frequently of expressing his opinion in a very forcible way. Well, there are other members who can also express themselves in forcible terms. I am a man of peace, but I do not take any bluff from hon. gentlemen opposite.

Mr. HANSON (York-Sunbury): I have sat in this house and listened to the hon. member for twenty years, and all he ever got off with respect to immigration was bluff.

Mr. STEWART (Edmonton): The hon. gentleman endeavoured very frequently to put me in a tight place with regard to immigration, but he has never succeeded yet, nor have any of his friends.

The CHAIRMAN (Mr. Bury): May I call the attention of members of the committee to the fact that we are on item 43a of schedule A.

Item agreed to.

Schedule A—Customs tariff, Canada—71a. Timothy seed: free.

Mr. NEILL: Did the minister not get an application from New Zealand to have orchard grass seed included in the schedule? They grow a very fine quality of orchard grass, and a lot of it, and it seems to me that it would be advantageous to our farmers to get it at a low rate.

Mr. STEVENS: I think that comes in under field seeds, n.o.p., item 73.

Mr. CAYLEY: What are our importations of timothy seed?

Mr. STEVENS: A million dollar's worth from the United States; none from New Zealand.

Mr. TAYLOR: Is there any change in this item?

Mr. STEVENS: No, it was not specified in the old treaty.

Mr. HOWDEN: Have the New Zealanders timothy seed for sale in any quantity?

Mr. STEVENS: A very considerable quantity.

Item agreed to.

Schedule A—Customs tariff, Canada—73. Field seeds, n.o.p., when in packages weighing more than one pound each, free.

Mr. NEILL: I hardly think the farmers would import orchard grass or anything else on a large scale in packages weighing not more than a pound each. Farmers do not buy their field seeds in small packages.

Mr. STEVENS: My hon. friend is right. It will come under the British preferential.

Item agreed to.

Schedule A—Customs tariff, Canada—84. Onions in their natural state, including onions grown with tops, shallots, and onion sets, the weight of the packages to be included in the weight for duty, free.

Mr. MOTHERWELL: I think the minister can be commended with regard to this item—that is, if I understand it aright. It is free here; it had been free formerly. My recollection is that the duty in Australia used to be quite high, and I presume it was the same in New Zealand. They have some way over there of jiggling it up just the same as my hon. friends opposite have without parliament being in session. It was £4 for quite a while, then before we got through with it it was £8.

Mr. STEVENS: We have it at £1.

Mr. MOTHERWELL: I commend my hon. friend. I am going to shut my eyes for the rest of the night with regard to the bad things about this treaty, because I have at last found one good thing. We will just let the bad things go until they are tried out. I think that is the best way, since we cannot change them in any case, but what are the actual facts? Formerly it was up to £6 or £8?

Mr. STEVENS: It was £4 in New Zealand.

Mr. MOTHERWELL: While my hon. friend is at it will he give the reasons why they were not both made free? There are extensive storage plants both in New Zealand and in Canada where onions are preserved in most excellent condition. They can be kept for eight or ten months and then exported to neighbouring countries. Some years ago I had occasion to look into the matter in the Okanagan valley, and I found that Australian

onions could come into Canada free, but when British Columbia wanted to send onions to Australia at one time the duty against them was £8. That was very annoying when conditions were almost identical in the two countries, with the advantage on Australia's side if anything. However, this is so much better than it was before that I do not feel like criticising it, though I should like to know why any duty was left on, since conditions are about equal in both countries.

Mr. STEVENS: I think with New Zealand it is a question of revenue, since their tariff is largely a revenue tariff.

Mr. MOTHERWELL: Do they need it worse than we do?

Mr. STEVENS: Oh, yes.

Mr. MOTHERWELL: Then my heart goes out to them.

Mr. STEVENS: My heart bled for them too.

Mr. DONNELLY: What proportion of the New Zealand importation of onions do we supply? I suppose this duty excludes us and that is why we do not get into that market.

Mr. STEVENS: We export about $20,000 worth of onions.

Mr. DONNELLY: How much does New Zealand import?

Mr. STEVENS: About $100,000 worth.

Mr. GARDINER: How much did we import from New Zealand?

Mr. STEVENS: In 1931 we imported about $5,000 worth, and in 1930 about $26,000 worth.

Mr. GARDINER: The balance of trade is in their favour, yet we let their onions come in free.

Mr. STEVENS: Our exports were under a higher rate. We now have a rate of £1 which is very much lower than it was before.

Item agreed to.

Schedule A—Customs tariff, Canada—91. Toheroa soup, free.

Mr. POULIOT: Is this New Zealand pea soup?

Mr. RALSTON: I want to find out about this item, and also about item 123, which deals with New Zealand shell fish. Does the minister know anything about this at all? Is it of the lobster family?

Mr. STEVENS: No, it is a delicacy, very delicious and very highly prized by the New Zealanders. It has a very high standing in that country; it is very popular in London and has been introduced also in some of the leading hotels in Canada.

Mr. RALSTON: I could not find it in Ottawa, and though I have been in New Zealand I have not heard of it previously.

Mr. MacLEAN: Did it come in free before?

Mr. STEVENS: No, it came in under the British preferential tariff, at 15 per cent.

Mr. MacLEAN: I think this is something that should be very carefully looked into.

Mr. STEVENS I may assure my hon. friend that this article will not compete with any Canadian shell fish. Comparatively speaking, it is a high priced article and is considered more or less of a delicacy.

Mr. VENIOT: Is it put up as a soup?

Mr. STEVENS: Very largely.

Mr. RALSTON: It is also canned; item 123 shows that.

Mr. STEVENS: It is used largely in making soup, and I think it sells for 33 cents a pound.

Mr. VENIOT: It could interfere with some of our shell fish; it might come in competition with the product of the lobster called tomalley.

Mr. STEVENS: Yes, it could.

Item agreed to.

Schedule A—Customs tariff, Canada—92. Fruits, fresh, in their natural state, the weight of the packages to be included in the weight for duty: (e) pears: free during the months of February, March, April and May; British preferential tariff during the other months of the year.

Mr. DONNELLY: I see the rate from February to May is the British preference, while for the other months these fruits enter free, but the British preference is free, so it would appear to be the same the year round.

Mr. STEVENS: That leaves us an opportunity to change the British preference if we so desire.

Mr. DONNELLY: What is the New Zealand rate against our fruit?

Mr. STEVENS: One penny per pound, plus a surtax of 22½ per cent.

Mr. DONNELLY: This looks very unfair. It seems that everything grown on the farm is given a preference by Canada, while every-

thing we want to sell from the farm carries a good high duty in New Zealand, so we are getting no preference in their market at all. It seems all one sided.

Item agreed to.

Schedule A—Customs tariff, Canada—93. Apples, fresh, in their natural state, the weight of the packages to be included in the weight for duty, free.

Mr. NEILL: This seems unfair; they charge us a penny a pound on our apples while their apples enter Canada free. Why should it not be on a fifty-fifty basis?

Mr. STEVENS: We have improved our position. New Zealand imported apples to the extent of £12,500 sterling, of which Canada supplied £11,500, so we practically supplied the entire market. Now we have a rate one-half penny better than we had before. This business is in our favour; if there is any advantage it is with us.

Mr. RALSTON: The minister is wrong about that.

Mr. NEILL: How can it be in our favour if we let their fruit come in free and they charge us a penny a pound?

Mr. STEVENS: We imported from New Zealand about $36,000 worth and exported about $50,000 worth.

Mr. RALSTON: Would the minister check those figures? I obtained to-day from the department the following figures: Fresh apples imported from New Zealand, for the fiscal year ending March 31, 1932, $42,000; fresh apples exported to New Zealand for the same period, $20,655.

Mr. STEVENS: I was giving the figures for the year before; I had not the figures just given by my hon. friend. There has been an improvement of a halfpenny by this present arrangement, and I may say that the New Zealand representatives assured us that they would give consideration to a further reduction. Another point is that we have some very nice business in box shooks, which is worthy of consideration.

Mr. POULIOT: May I suggest that the apples under this item should be in the same item as passion fruit?

Mr. RALSTON: There is nothing one can say about it to change it, I suppose, since my hon. friend has entered into this arrangement, but I did not know until I began to check up that there is two cents a pound on our apples going to New Zealand while their apples enter this country free. Something was said this afternoon about the fact that there are different seasons. I know that, but you will find that our apples, many of them, are good for a month and a half yet anyway. As someone says, they do come all the year round. I submit that it is not fair to our apple growers to have this one sided arrangement with regard to fresh apples, particularly in view of the fact that the balance of trade, so-called, is against us two to one—at least it was last year. I do not think that the trade in box shooks is going to make up for the sale of fruit which is lost.

Mr. STEVENS: We were under the general tariff last year, which affected it to some extent. Now we shall go under the one penny rate, which is a halfpenny lower than last year.

Mr. RALSTON: Will my hon. friend give me the figures for the year during which we were under the general tariff?

Mr. STEVENS: The figures for 1930 show that Canada supplied £11,590 out of the £12,500 imports.

Mr. STEWART (Edmonton): We had practically the whole market.

Mr. STEVENS: Yes.

Mr. McKENZIE (Assiniboia): I am not going to object to apples or anything else coming in, but I wondered, in connection with two or three of these items, what was the significance of the words "weight of containers to be included in weight for duty." Is that for the convenience of the officials?

Mr. STEVENS: That is the customary wording in our tariff in relation to matters of this kind. It runs through the tariff generally and we are accepting the wording of the general tariff.

Item agreed to.

Schedule A—Customs tariff, Canada—95b. Passion fruit (Passiflora edulis): free.

Mr. HANSON (York-Sunbury): What is passion fruit?

Mr. STEVENS: It is a very delicious fruit used in the making of salads and much prized by persons of delicate taste.

Item agreed to.

Schedule A—Customs tariff, Canada—ex. 123. Canned whitebait and canned crayfish: 15 per cent but not more than 7½ cents per pound.

Mr. RALSTON: This item, I am quite satisfied, is one that does compete with our Canadian lobster. This kind of crayfish is

very much like Canadian lobster. There is not a great reduction, I realize, but my hon. friend is giving to the New Zealand producer a better rate by 2½ per cent than the British preference, and in addition to that he is fixing a maximum of 7½ cents per pound, which is a considerable reduction below the British preference. I do not believe that this is in the interests of Canadian producers, particularly the fishermen who have to sell their product abroad. Our lobsters are possibly sold in New Zealand, they are sold in the British market and I do not think that this is a commodity which should have been used to provide a trading point under this treaty.

Mr. STEVENS: It is not an item of export by New Zealand to any great extent. Whitebait is the real item asked for there and represents the major portion, the duty being 15 per cent with a maximum of 7½ cents per pound. I am quite satisfied that it is very reasonable protection for any possible competing article of the kind in Canada.

Mr. RALSTON: We are more and more putting up canned fish. Isn't whitebait something like halibut in flavour? It is a rich sort of fish.

Mr. STEVENS: Canned whitebait sells at 40 cents for a seven ounce tin, so that it is nearly 90 cents per pound. It is quite common in the London market.

Mr. RALSTON: Like shrimps?

Mr. STEVENS: No, it is very small, a tiny fish.

Mr. MOTHERWELL: It is just a wee little thing; you have to eat the whole of it at once.

Item agreed to.

Schedule A—Customs tariff, Canada—ex-123. Shellfish known as Toheroas, in sealed tin containers, including liquid contents: free.

The CHAIRMAN: Shall the item carry?

Mr. RALSTON: With the same reservation.

Mr. MacLEAN: Are there any importations under these items?

Mr. STEVENS: No.

Item agreed to.

Schedule A—Customs tariff, Canada—142. Tobacco, unmanufactured, for excise purposes under conditions of the Excise Act: free.

Mr. COOTE: How much tobacco comes from New Zealand?

Mr. STEVENS: None, I think.

Mr. COOTE: It seems to me I have heard the Department of Agriculture advising the farmers of Ontario to grow less tobacco this year.

Mr. STEVENS: It would be of a different kind.

Item agreed to.

Schedule A—Customs tariff, Canada—232. Casein: 12½ per cent.

Mr. CAYLEY: Do we receive any casein from New Zealand?

Mr. STEVENS: About $3,000 worth.

Item agreed to.

Schedule A—Customs tariff, Canada—ex-254. Kauri gum: free.

Mr. POULIOT: What is kauri gum?

Mr. STEVENS: It is a resinous gum obtained from a coniferous tree used as raw material in the making of fillers for linoleum and things of that kind.

Item agreed to.

Schedule A—Customs tariff, Canada—ex-280. Grease, rough, the refuse of animal fat, for the manufacture of soap and oils only: free.

Mr. STEWART (Edmonton): Is Colonel Mullins agreeing to this?

Mr. STEVENS: We import $1,200,000 from the United States but none from New Zealand.

Item agreed to.

Schedule A—Customs tariff, Canada—305-306b. Building stone, other than marble or granite: free.

Mr. BROWN: Do you need to go to New Zealand for building stone?

Mr. STEVENS: They have a very fine, soft interior stone that can be used for doorways, arches and so forth. It is easily carved.

Mr. BROWN: Is it better than Manitoba stone?

Mr. STEVENS: No. I believe that if the people would use Manitoba stone they would get better satisfaction.

Item agreed to.

Schedule A—Customs tariff, Canada—ex-535, New Zealand hemp (phormium tenax): free.

Mr. YOUNG: In regard to New Zealand hemp, the minister this afternoon made a remark which should not be allowed to pass unnoticed. He said that this hemp was inferior to sisal imported from other countries for the making of twine, and he told us that he had been busy trying to persuade the manufac-

turers to use New Zealand hemp. If he is busy trying to persuade them to use an inferior article and consequently to sell an inferior twine, then I think he could be better employed.

Mr. STEVENS: I am sure my hon. friend does not wish to misrepresent me. An hon. member, speaking on this point prior to my remarks, had said that it was very poor material and that it would break if given a sharp jerk. I expressed a little surprise at that and said that I had received word from a number of manufacturers that this was fine hemp for cordage purposes. I induced a number of manufacturers to send orders to New Zealand in preference to purchasing from other foreign countries. I referred to binder twine and stated that there was an apparent drawback to the use of this hemp in that it tended to ruffle or ball up when passing through the eye of the binder.

Mr. DONNELLY: What is the present duty on hemp?

Mr. STEVENS: It is free.

Mr. DONNELLY: If it is free to all countries, why does it appear here?

Mr. STEVENS: Stability.

Item agreed to.

Schedule A—Customs tariff, Canada—ex. 549. Wool, not further prepared than combed: free.

Mr. GERSHAW: How much wool comes in from New Zealand under this item?

Mr. STEVENS: I have only the percentages. In 1931, about one-half of the total imports of 2,856,000 pounds of wool in the grease came in from New Zealand; of a total importation of 5,590,000 pounds of washed wool, about 9 per cent came from New Zealand.

Mr. NEILL: Has the minister the percentages for Australia?

Mr. STEVENS: The imports during 1930-31 of wool in the grease from Australia amounted to 496,000 pounds. I might state that a large amount of the wool from New Zealand and Australia finds access to our markets through the United States or London.

Mr. SPENCER: What is the tariff on wool coming from New Zealand?

Mr. STEVENS: There is no tariff.

Mr. STEWART (Edmonton): Again I wonder at what has become of the hon. gentlemen who about a week or so ago voted for a tariff on wool.

Mr. VENIOT: They kept away to-night.

[Mr. Young.]

Mr. STEWART (Edmonton): There are quite a few of them here, but we have not heard a single protest.

An hon. MEMBER: They are all subdued.

Mr. STEWART (Edmonton): We on this side of the chamber are not afraid of free wool or anything else, but I am surprised at hon. gentlemen going to all the trouble they did to have a duty imposed, and then remaining silent when an item like this comes before the committee.

Mr. DONNELLY: What is the good of putting a duty on wool and then taking it off? Putting a duty on will cause the shippers to ship direct, and that is all the difference it will make.

Mr. STEVENS: We have not taken any duty off wool; it was free across the board. We are proposing, and we hope it will be carried in a day or two, an intermediate tariff of ten cents a pound and a general tariff of fifteen cents a pound, and we hope that these rates will divert the business direct to this country. We do not desire to interfere with or touch the British preferential tariff until after the Imperial economic conference.

Mr. DONNELLY: Practically all our work of a week or so ago in getting a duty put on wool has turned out to be eyewash—it does not amount to anything at all because to-night we are taking the duty off. We are simply saying: You cannot come in through the back door, you must come in through the front.

Mr. RALSTON: It seems to me that this action demonstrates to the country just how serious members were when they voted for the resolution, which was carried by a large majority. As a matter of fact, I do not think the government ever has cared very much about the wool grower. It will be remembered that a short time ago the government introduced a system of fixing an arbitrary rate of exchange in connection with the valuing of imports for duty purposes, and they passed an order in council which fixed the value of the pound at $4.40. The manufacturers of worsted and other goods made representations to the government and asked that while this valuation should apply to the finished article which they were manufacturing, it should not apply to the raw material. In other words, the Canadian wool grower was not to have the same protection given to the manufacturer. As an indication of how solicitous this government is of the wool growers, they

passed an order in council on January 8, the last clause of which reads:

Notwithstanding the provisions of the order in council, and as an exemption thereto, the value of the pound sterling for the purposes of application of special duty on all shipments from Great Britain to Canada of wool, not further prepared than combed, shall be the average value thereof.

And yet the government has stipulated that in connection with other commodities the value of the pound shall be fixed at $4.40 I think we have the right to inquire from those hon. gentlemen who were so vociferous for a duty on wool why they are not protesting to-night against this item. Perhaps they want to let the minister get through his treaty; perhaps the discipline is such that they do not want to interfere. I think it would be more in the interests of the wool growers if they voiced their opinions when these schedules are before the committee rather than on an abstract resolution.

Mr. COOTE: Would it be correct to say that practically 30 per cent of our imports of wool come from New Zealand?

Mr. STEVENS: I do not think so.

Mr. COOTE: I think that statement was made in a recent debate.

Mr. STEVENS: The percentage of washed wool is 9, and the percentage of wool in the grease a little over half; it would not average 30 per cent, as the total imports of wool in the grease were 2,800,000 pounds, and washed or scoured wool, 5,590,000 pounds.

Mr. DONNELLY: Has the minister any information as to how much wool from New Zealand comes in through the United States?

Mr. STEVENS: I have had some of my staff working for months on that and other similar problems. It is very difficult to ascertain, but we have figures indicating quite a substantial quantity. Wool being on the free list, it is impossible to follow it.

Mr. DONNELLY: What quantity comes from the United States?

Mr. STEVENS: I have not the percentage of wool in the grease from the United States, but 20 per cent of washed wool comes from there. The quantity of wool in the grease coming from the United States is 511,000 pounds.

Mr. McKENZIE (Assiniboia): When this bill was first introduced I felt like congratulating the government on their apparent change of heart in at last deciding that we must trade with some other country, but I could not help noticing, as we went through the items, the minister remarking in the great majority of cases, "no importations." I wonder if, after all, anyone in Canada will benefit from this treaty. If so, who?

Mr. STEVENS: As I think I stated before, when I say "no importations," that means no goods coming into Canada. The story as regards exports is different. The largest value of the treaty will be under the British preference, general articles not included in this schedule, a very wide range.

Mr. GERSHAW: The minister must realize that the sheep men will be somewhat disappointed at this item in the treaty. I am sure he understands the situation, and I hope when this item is under discussion at the imperial conference, some assistance will be given to the sheep men. Our sheep raisers are operating at present at a tremendous loss, and my information is that most of them will be out of business shortly unless they get some help in this respect.

Mr. CAYLEY: I notice in 1930 we imported from New Zealand, in round figures, 1,900,000 pounds, and in 1931, 1,744,000 pounds. Roughly speaking, that is the wool off the backs of about 200,000 sheep, and this is quite an item. I think the minister should have it in mind when he is considering the welfare of the sheep industry.

Mr. YOUNG: Wool, I take it, is like some other commodities that have a habit of finding their way from all over the world to large central markets. Buyers go to those markets and select the kinds of wool they want. According to this year's budget, it is the intention to impose a duty of fifteen cents a pound on wool under the general tariff. New Zealand wool to a large extent comes in through the United States; that is, it finds its way to the United States market where the buyers go and select what they want. Under this arrangement and the clause in the treaty which we discussed earlier in the evening, requiring direct shipment to Canada, it will be impossible for the buyers for our wool manufacturers to get the wool in the most convenient market, and it might be very awkward for them to have to go to New Zealand and select it there. In that regard there is a danger of doing real injury to our wool industry.

Mr. SPENCER: I should like to ask to what extent this wool coming from New Zealand competes with the average wool grown in Canada?

Mr. STEVENS: There is no doubt it does compete, but the whole subject of wool is very complex. I have been amazed in studying the question to find the varieties of wool it is necessary to have to produce even a given article. Carpets, which are looked upon as comparatively simple, require wool to be imported from, I think, India, to give them a certain lustre, pile and so forth. Therefore in manufacturing you must have a variety of wool. While there is undoubtedly some competition between New Zealand and Canadian wools, there is still a marked difference between the wools. It would be impossible for me, without careful preparation, to give an exact description of it, but I can assure my hon. friend there is a great difference in the types of wool produced.

Mr. SPENCER: Where wool is not competing, it should be brought into Canada free for manufacturing purposes, but the minister knows wool is being sold in Canada below cost.

Mr. CAMPBELL: I realize item 538 has been passed, but I did not at the time know that it had been called passed by the Chair. Would the minister mind telling me, if it is not too much trouble, how much binder twine, if any, has been imported from New Zealand in the last few years? I was not aware that we were importing any.

Mr. STEVENS: None from New Zealand.

Mr. CAMPBELL: Is there any prospect of manufactured binder twine coming from there?

Mr. STEVENS: I think the main export will be the raw sisal or hemp.

Mr. DONNELLY: I notice the rate under the general tariff is to be fifteen cents. This is a change which the minister intends to make at some future date in the duty on wool.

Mr. STEVENS: It will be passed when the budget schedules are under consideration.

Mr. DONNELLY: It seems strange to me, when the farmer in the west is getting about four cents a pound on his wool that a duty of fifteen cents a pound should be imposed on that commodity. But when you are getting no wool from foreign countries except what comes in indirectly from New Zealand or Australia through the United States, and when it practically all comes in under the British preference, this is a camouflage to make the farmers think they are getting some concession.

Mr. BROWN: Just to show the small quantity of wool of similar quality that enters Canada in competition with our own wool, I have under my hand the figures for 1927, which I think are the latest:

Leicester, Cotswold, Lincolnshire, South Down combing wools, or wools known as lustre wools, and other like combing wools, such as are grown in Canada:

Quantity imported	Value
259 pounds	$93

If hon. gentlemen who contend for duties on wool would pay some attention to that fact, it might modify their opinion.

Item agreed to.

Schedule A—Customs tariff, Canada—553. Blankets of any material, not to include automobile rugs, steamer rugs nor similar articles: 22½ per cent.

Mr. STEWART (Edmonton): It will be noticed that the previous items are free, but when we come to manufactured articles they have to carry duties of 22½, 30 and 25 per cent. Could the minister not have made a better deal than this, particularly when our Canadian manufacturers enjoy free raw material? I am not asking for any protection for the farmer or for anybody else, but I want to protest against this discrimination. The moment we come to a fully manufactured article, up goes the duty. The manufacturer must always have a tremendous amount of protection or we are told he cannot live. I have a list of the items of farm produce all of which come in free, but the very moment we strike wool or wool blankets or wool fabrics wholly manufactured the duty is put up over twenty per cent. I certainly protest against that. While I am in agreement with the arrangement which the minister has made, I do think this is giving entirely too much protection to men who enjoy the privilege of getting in their raw material without paying one cent of duty.

Mr. DONNELLY: How much came in under this item from New Zealand last year, and what duty do they charge against our blankets?

Mr. STEVENS: The imports are not large. These goods are more or less of a specialty of which New Zealand is very proud—high-class blankets, travelling rugs and floor rugs. The total exports of New Zealand under item 553 amounted to less than £1,000, and under item 555 the exports to Canada were only £76. Under item 572 the exports to Canada in 1929 amounted to £21, and none in 1930.

Mr. DONNELLY: What is the duty the other way?

Mr. STEVENS: It is rather difficult to get the exact classification, but I presume that this one would cover it; "rugs, n.e.i., not supplied for floor covering." We get a rate of twenty per cent ad valorem.

Mr. SPEAKMAN: There is just one point I should like to mention in reference to the question which has been raised as to the different treatment accorded under our tariffs to raw wool, for instance, and the manufactured article. I am not going to go into that whole question except to say that naturally enough, it has aroused a good deal of interest and discussion, and a good many suggestions have been made as to how, seeing that we are on a protective tariff and must be in view of conditions throughout the world to-day, the benefit may be passed along right down the line to those who carry on what is certainly an industry indigenous to this country, that is the growing of the wool itself.

I would like to make a suggestion which I have made more than once, and which I believe has merit. It is that when protection is afforded to a manufacturer, such as the manufacturer of woollen goods or of any other article the raw material of which is found in whole or in part in this country, the protection be granted upon a sliding scale and vary in accordance with the percentage of the native raw material used in the production of the manufactured article. I do believe, Mr. Chairman, that if an arrangement of that kind were made, after careful study, of course it would pass down the line to the original producer himself some of the advantages of our present fiscal system, of which the original producer at the present time has all too few. It would also encourage the greater use of our own raw materials and would inflict little hardship on the manufacturers themselves. If by so arranging the tariff that the position of the manufacturer was more advantageous the greater the percentage of Canadian raw materials he used, in manufactures, of course, where Canadian raw material could be used, such as wool, and less advantageous the greater the percentage he used of raw material brought in from outside, I believe one of the greatest objections of the farmers to the protective tariff would be largely removed. I believe also that it would encourage such native industries as the growing of wool, as well as increase the market for raw hides and leather goods and other articles manufactured in this country. This question is worthy of consideration, and if it could be worked out I believe it would redound to the great advantage of this country.

Mr. YOUNG: Those members of the house who think they are serving the interests of the farmer by asking for more protection on the things he has to sell are making a grave mistake. They know or ought to know that the price of farm products cannot be enhanced by high tariffs. They have preached that themselves many times, and to say that the farmer will consent to higher protection on manufactured goods in order to obtain a worthless protection on his own products is utter nonsense.

Mr. SPEAKMAN: I think the hon. gentleman did not catch my meaning. I was suggesting lower protection when the manufacturer did not use Canadian raw material.

Item agreed to.

Schedule A—Customs tariff, Canada—ex. 572. Rugs, floor or carpet, of wool: 25 per cent.

Mr. POULIOT: Are Sarouk rugs included under this item?

Mr. STEVENS: I do not think so.

Mr. POULIOT: Because the clerk of the house bought a rug for $480. I do not know whether it came from Australia, but it was a pretty expensive rug.

Item agreed to.

TARIFF RATES ON GOODS THE PRODUCE OR MANUFACTURE OF CANADA

Schedule B—Customs tariff, New Zealand—35. Fish, viz:—

(3) Fish, potted, and preserved viz., salmon, including any liquor, oil, or sauce, 1¾d. per pound.

(4) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce, 2d. per pound.

(Note.—The term "fish" is used in the tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.)

Mr. NEILL: I am beginning to regret, I am sorry to say, the eulogies I passed on the minister this afternoon; for I am afraid now that we in British Columbia are going to come at the wrong end of this agreement. The preference given to our canned salmon is very small. We allow the New Zealand toheroa, which is entirely a luxury, to come in absolutely free. It competes, I am told, with the higher class of lobsters, and people who can afford to have lobster suppers these hard times can afford to pay a duty. But we are allowing toheroas to come in free, and New Zealand gives us only a very small preference on our salmon. It amounts to only one penny and a quarter per pound. There is a higher duty on item 35 (4). That would apply to tinned herrings and tinned pilchards, for which we are anxious on the Pacific coast

to get a market. Pilchards and herring are naturally low priced fish and the duty of twopence a pound would be quite considerable. We get a preference of only a penny a pound there, which is not very material. In the Australian treaty, as the minister is aware, he secured for us a preference of three pence a pound, or 6 cents, on salmon, which was really substantial, and, I believe, has enabled British Columbia to secure the greater part of the market.

Mr. VENIOT: It will be remembered when the Australian treaty was up I took exception to what I thought then was sectional legislation—favouring the Pacific coast in the matter of salmon more than it did the east coast in the matter of crustaceans. The minister told me that it was too late, that the treaty had been signed and he could not take the matter up, but he would endeavour later on to see if Australia would come to any different agreement. Did he consider that last year when he discussed this matter with New Zealand, and am I mistaken in thinking that crustaceans put up in cans have not the same preference as salmon put up in cans?

Mr. STEVENS: There is a very slight variation, my hon. friend will notice. I can assure him that the whole question was threshed out at great length during the discussion of this agreement. The position of New Zealand is that canned salmon is an essential food commonly used, and not competitive with any New Zealand fish.

Mr. VENIOT: Are crustaceans?

Mr. STEVENS: Yes, in a sense they are.

Mr. VENIOT: Where do they get them?

Mr. STEVENS: They therefore give a quarter of a penny lower rate on salmon than on the other fish.

Mr. VENIOT: Do sardines get the same rate as salmon?

Mr. STEVENS: I think item 35 (4) would include sardines.

Mr. VENIOT: Twopence a pound?

Mr. STEVENS: Yes.

Mr. VENIOT: Where is the competition with anything in New Zealand in the matter of sardines? They do not put up sardines, and they have been importing very large quantities from Canada in past years. With the New Brunswick sardine we took the Australian market from the Netherlands. Now this is going to put us out of that market.

Mr. STEVENS: Oh, no.

[Mr Neill.]

Mr. VENIOT: Why not?

Mr. STEVENS: I cannot see that.

Mr. VENIOT: It will allow the Netherlands to compete very strongly against us. In the face of that, notwithstanding the difference here in this preference between sardines and salmon, you have the extra cost imposed under the budget on the containers, which for sardines are more costly than for salmon.

Mr. STEVENS: My hon. friend will notice that that does not apply on goods going out, only on goods coming into Canada.

Mr. VENIOT: But you have to apply for a drawback of 99 per cent. Why put them to that trouble?

Mr. STEVENS: New Zealand does not follow that practice I am told.

Mr. VENIOT: What practice?

Mr. STEVENS: The practice my hon. friend is mentioning. Australia does, but not New Zealand.

Mr. VENIOT: What practice?

Mr. STEVENS: With regard to containers.

Mr. VENIOT: We impose it on our people.

Mr. STEVENS: That is an additional protection here.

Mr. VENIOT: I fail to see it. I enter my strong protest against what appears to be sectional legislation. What is good for the Pacific coast ought to be good for the eastern coast of Canada, and the minister has no right to enter into an agreement by which a difference is made between sea food on the western coast and sea food on the eastern coast of Canada. Our fishing industry on the eastern coast along the Atlantic is in such a depressed condition to-day that the fishermen need all the encouragement possible, and even a quarter of a penny would help them.

Mr. STEVENS: We have not changed the rates at all from what they were before we went on the general tariff; we have restored the old rates instead of the general tariff.

Mr. VENIOT: If it was wrong then, why should it continue now?

Mr. STEVENS: I agree with my hon. friend.

Mr. VENIOT: I protest on behalf of the fishermen of the maritime provinces, especially in regard to the sardine and lobster fisheries. It is an outrage.

Mr. MALCOLM: Are these various rates under (3) and (4), item 35, specific?

Mr. STEVENS: They are British preferential rates.

Mr. MALCOLM: We cannot alter their ideas of the British preference.

Mr. STEVENS: No.

Item agreed to.

Schedule B—Customs tariff, New Zealand—35 (4). Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce, 2d. per pound.

Mr. RALSTON: I want to add a word on this item to what I said on No. 123. Item 123 it will be remembered covers canned whitebait and canned crayfish at 15 per cent ad valorem but with a limit of not more than 7½ cents per pound. I pointed out that this is 2½ per cent below the British preference on these goods coming into Canada. When we sell our canned fish under 35 (4) to New Zealand we have a straight specific duty of twopence per pound, whether the fish is cheap or dear, plus 22½ per cent surtax. I submit that that is not fair to those who are producing canned fish in this country. It must be remembered that we are more and more developing the packing of fish in cans, even the cheaper qualities, and a specific duty is particularly hard on this fish.

Mr. VENIOT: Herring especially.

Mr. NEILL: And pilchards.

Mr. RALSTON: Yes, and other fish as well. The minister says we are only restoring the old duty, but the point is these articles were not subject to any previous arrangement, as I understand it. He is now making a treaty with New Zealand for the first time with regard to these commodities, and therefore is in a position to ask New Zealand to give us a quid pro quo. But it does seem to me as if the most of the giving is done by ourselves.

Mr. STEVENS: No.

Mr. RALSTON: I am speaking of the fish items. We are reducing the duty below the British preferential rate on their fish, but on our fish they are keeping their duty up under the British preference and that British preference is much higher against us than our British preference is against them. Therefore I submit, first, even if our duty were not below the British preference it still would be lower than the duty the New Zealander imposes against Canadian fish, and secondly, we are giving them a duty below the British preference. I protest against it because I submit there is quite a business to be developed, particularly on the part of the maritime province fishermen in connection with lobsters and other fish—sardines my hon. friend has already mentioned.

Mr. VENIOT: And large herring.

Mr. RALSTON: Even the albacore or tuna is now being canned. It seems to me we might develop quite a market in New Zealand for various sorts of canned fish.

Item agreed to.

Schedule B—Customs tariff, New Zealand—137. Hosiery, viz: socks or stockings of silk or artificial silk: 32½ per cent ad valorem.

Mr. YOUNG: I notice the New Zealand duty under the general rate is 67.3 per cent, while under the treaty we will be able to export our goods at 39.8 per cent, leaving a net advantage to our manufacturers of about 27½ per cent. Has the minister any assurance from our manufacturers that they can compete in New Zealand on that basis?

Mr. STEVENS: It is expected that they can.

Mr. YOUNG: Have they given any assurance to that effect?

Mr. STEVENS: Yes. We rather excel in the manufacture of hosiery.

Mr. STEWART (Edmonton): Then we do not need quite such a heavy protective duty ourselves.

Item agreed to.

Schedule B—Customs tariff, New Zealand—196. Boots, shoes, clogs, pattens, slippers, shoettes, sandals, galoshes, overshoes, and other footwear, n.e.i.: 25 per cent ad valorem.

Mr. YOUNG: I want to ask the same question in this regard. The New Zealand general tariff is 61.3 per cent; our goods will enter at 30.6 per cent, leaving almost a 31 per cent advantage. Have our manufacturers given any assurance that they can compete on that basis?

Mr. STEVENS: Yes.

Mr. YOUNG: We will remember this when the time comes to consider our own tariff.

Mr. STEWART (Edmonton): The items are passed, but I should like to know why we are allowing raw furs to be brought into Canada free while if we wish to ship furs to New Zealand we have a pretty stiff duty against us; in fact it is almost prohibitive.

Mr. STEVENS: I hesitate very much to criticise any duty that New Zealand chooses to enforce; my hon. friend will appreciate that. There is no doubt that the general level of their duties is pretty high, but the tariff

is their chief source of revenue, and for that reason they insist on maintaining these duties. It will be noticed that in many instances the major portion of the duty is made up of additional surtaxes, which have been put on for emergency purposes.

Mr. STEWART (Edmonton): I quite appreciate that New Zealand is not engaged in manufacturing to a great extent, but throughout this whole treaty raw products entering New Zealand carry a duty, while in our case we let practically all their raw products enter Canada free. I do not object to that because I do not believe we should put a duty on raw products at all, and as a matter of fact I do not think we should have a very heavy duty on anything. It does seem to me, however, that we are not getting a very great advantage by including some of these articles. Certainly there will be no advantage to the raw fur dealer in Canada.

Item agreed to.

Schedule B—Customs tariff, New Zealand—
292. Paper-pulp, for the manufacture of paper: free.

Mr. NEILL: In British Columbia we would have been very glad if we could have obtained some concession in connection with this item. It appears here on the free list, but there is nothing in that because it is free from all over the world, so we get no preference. New Zealand has a tariff item, No. 284, which reads, "paper, namely bleached sulphite or similar paper which is to be used in the manufacture of twine or imitation wickerware." That enters New Zealand free, but only if it is to be used for those purposes. I do not quite see how it could be described as "similar paper" if it is to be used in the manufacture of those articles, but we would have been very glad to obtain a concession in that regard. We call that material pulp or sulphite. Was the question discussed as to whether or not we could export bleached sulphite under this item, if it was not to be used for the manufacture of twine or imitation wickerware?

Mr. STEVENS: I cannot say very much about that, but I may tell my hon. friend that the paper schedule is very satisfactory to the people here in Canada.

Mr. NEILL: In the west?

Mr. STEVENS: Yes.

Mr. NEILL: To those who do not make paper, but who only make sulphite pulp?

[Mr. Stevens.]

Mr. STEVENS: Yes. There is some question regarding pulp, but I do not think it would be fair to New Zealand to disclose all that was privately discussed between the minister and myself. This was the best that could be done under the circumstances.

Item agreed to.

Schedule B—Customs tariff, New Zealand—
333. Agricultural implements and machinery, viz:—

(1) Cultivators; harrows; ploughs; drills; seed and fertilizer sowers or distributors combined or separate; lime sowers; seed or grain cleaners, and cellular seed or grain separators, 35 per cent ad valorem. The surtax to be levied, collected and paid under section five of the Customs Acts Amendment Act, 1930, on the goods included in tariff item numbered 333 (1) shall be an amount equal to one-twentieth of the total duty of customs otherwise chargeable.

(2) N.e.i., including ploughs, cultivators, and seed drills, hand-worked, combined or separate; ploughs, single-furrow mould-board, not exceeding 266 pounds net weight; also the following parts of ploughs or harrows, viz:—mouldboard plates unbent, steel share-plates cut to pattern, skeith-plates, plough beam forgings, and discs for harrows or ploughs, free.

Mr. YOUNG: Again the same question, Mr. Chairman: The New Zealand tariff is 42.87 per cent, while the treaty rate will be 36.75 per cent, leaving an advantage of 6.12 per cent to our Canadian manufacturers. I suppose they can compete on that basis?

Mr. STEVENS: We would have liked a much better rate but that was the best we could get. There are two plants of considerable size in New Zealand manufacturing these articles, and the New Zealand government desired to maintain a fairly good protection for them.

Mr. NEILL: The British preference is only 10 per cent.

Mr. STEVENS: But Great Britain does not compete very seriously in that class of goods.

Mr. STEWART (Edmonton): As a matter of fact this is an arrangement as good as we have had in the past, and our manufacturers have sent very considerable quantities of farm implements to that country.

Mr. STEVENS: Yes, but more under the next item.

Item agreed to.

Schedule B—Customs tariff, New Zealand—
404. Timber, rough sawn or rough hewn, viz:—

(2) Other kinds, in pieces having a length of not less than 25 feet, and having a minimum cross sectional area of not less than 150 square inches, 7s. 6d. per 100 sup. ft. The rate of

customs duty set forth in the general tariff with respect to tariff item numbered 404 (2) shall be deemed to be repealed and the following shall be substituted therefor:—"9s. 6d. per 100 sup. ft."

(3) N.e.i., 9s. 6d. per 100 sup. ft. The rate of customs duty set forth in the general tariff with respect to tariff item numbered 404 (3) shall be deemed to be repealed and the following shall be substituted therefor:—"11s. 6d. per 100 sup. ft."

Mr. HANSON (Skeena): I would like to ask the minister if this item includes poles and pilings. A good deal of lumber of that kind is shipped to the United States.

Mr. STEVENS: I am under the impression that poles, piling and that sort of timber would come under the general British preference.

Mr. NEILL: Of course the minister is aware of the fact that the success of this item depends upon the continuation of the subsidies to the steamships running to Australia and New Zealand. There was no item for this amount in the main estimates, and I think it behooves the government to place an item in the supplementaries.

Mr. STEVENS: Last month we did one hundred per cent of Australia's soft timber business, and the month before we did ninety-eight per cent. We are really controlling that business very satisfactorily and this item will make it easier to do business with New Zealand. We have not paid any subsidies on Australian steamship lines in the past year.

Mr. NEILL: Is it the intention of the government not to pay subsidies this year? I have here very strong resolutions passed by the lumber people of British Columbia which do not sustain the attitude of the minister.

Mr. STEVENS: Those have more to do with the China service, but in any case the matter is under consideration for the supplementaries.

Item agreed to.

Mr. RALSTON: I just want to sum up in a word, so that the committee may understand at least as I view it, what is the net result of these changes. I do not retract anything that has been said; I fully concur in the statement that an agreement is at all times desirable. If this means good will, better feeling and a likelihood of more trade with New Zealand, then by all means let us have it; but I do not think we ought to fool ourselves as to the net result of all these items in the schedules which have been passed. I have gone over the items quickly and I think the net result of these schedules, both A and B, is this. First, with regard to goods coming into Canada, the result is that on no fewer than twenty-six items the duty has been reduced—reduced on goods coming into this country in competition with Canadian goods. The duty has been reduced even below the British preference rate and also below the old treaty rate, in so far as these items were contained in that treaty. The committee will bear that in mind. Twenty-six items in this schedule have been reduced for the benefit of New Zealand, so that they are now below the regular British preference rate; and in the case of all items which were subject to the old treaty, they are reduced below the old treaty rate. Only two items have been increased, namely, the item for fresh meat and the item for butter; but even at that, both these items are still below the British preference rate. In regard to the fresh meat item, the British preference rate was 4 cents, and that has been reduced to 3 cents under the treaty. The old treaty rate was one-half cent. Butter is 8 cents under the British preference rate and that has been reduced to 5 cents. The old treaty rate was one cent. Apricots and peaches, which were not mentioned as we were going through the items, are 2 cents under the British preference and 1 cent under the treaty. So that the net result is that 26 items have been reduced for the benefit of New Zealand, below the British preference, while two items have been increased over the old treaty rate but are still below the British preference. That is what we have done for New Zealand; those are the concessions we have made.

With regard to the item of butter, I would point out that the change to the 5 cent rate will be no protection whatever for this commodity unless we use the power provided for in article IV and fix an arbitrary value for duty purposes. With exchange as it is, the 5 cents will be practically wiped out. If that provision is used and that protection of 5 cents is maintained, then what I am afraid will happen is exactly what happened before, when the 8 cent rate was put on. The butter producer in this country was fooled into thinking that butter was the best thing to produce, and the result was that too much was produced for home consumption, with the inevitable consequence that we went on the export market, and down went the price. That will probably happen under this 5 cent tariff rate. No one knows better than the butter producers of this country, after the last two years' experience, just what will

happen. The duty of 8 cents did not bring them the prosperity they expected but just the reverse. In fact it was more duty than they asked for, as was pointed out this afternoon in an extract read by an hon. member. Let me read a statement made by Mr. Robinson, the president of the National Dairy Council, at a meeting in Winnipeg. He said:

It has been our opinion that three or four years must elapse before we could make up the deficiency of nearly 50,000,000 pounds of butter. The extra stimulus of the eight cent tariff, together with the enormous fall in grain prices, has caused, however, such a rapid increase in the butter made all over Canada that it now appears that we may be self-sustaining this season, and even have a surplus for export. This seems to be inevitable by next year at the latest. In all our arguments during the past few years, we have stated plainly that the effect of the tariff would be lost when export began. That is, in fact, the chief reason why we believed a four cent tariff to be more lasting than an eight cent one. We are now face to face with this condition.

At the moment, the export surplus of butter if of little value to Canadian farmers. It will cost them money this year. Thus, the immediate benefit to them of the tinkering with the New Zealand treaty that has so offended one of the best customers for our manufactured products is nil.

It is obvious that if Canada is to gain any net benefit from this rapid increase in butter production our dairymen must so improve their methods that they can meet the world on the basis of quality and price. It is conceded that this is possible but that the attainment of the ideal will be a matter of hard work over a term of years.

Mr. STEWART (Edmonton): It is a wonder he did not see that when he was protesting so strongly before.

Mr. RALSTON: That was the statement made by Mr. Robinson, president of the National Dairy Council. And that was the result of the 8 cent duty. But there was one more result. During the last election campaign, and during the debate held in this house in 1930, tears were wept about the number of cows which had disappeared from Canada and had gone over the line. It was said that there had been a decrease in the cow population of the country of 102,000, and our friends on the other side never ceased to lament about it. Even the present Prime Minister was like little Bo Peep who had lost her sheep—he didn't know where these 100,000 cows had gone. Well, I have here a statement of the cow population of Canada for 1930 and 1931; and whereas there were 102,000 cows less in 1927-28, I find that the number of milch cows in Canada in 1930 was 3,683,000 as compared with 3,513,000 in 1931, when the 8 cent tariff was on. In other words, there was a loss of 170,000 cows in one year.

Mr. MOTHERWELL: We shall have to have an inquiry.

Mr. RALSTON: That was under the 8 cent tariff put on by this government. Coming back, therefore, to the outstanding features of this schedule, I say that the butter item is not by any means a sure shot either for the benefit of the farmer or for the benefit of the consumer. It will be no protection if section 6 is not used, in view of the exchange, and it is a question whether it will do the farmer any good even if the 5 cent item is actually effective.

Mr. VENIOT: Is section 6 the dumping clause?

Mr. RALSTON: Yes; and what I have said has particular force in view of depreciated currency.

So far I have summarized the effect of this new treaty as regards imports from New Zealand into Canada. Now, secondly, what is the effect from the standpoint of our exports to New Zealand? What hole in the fence is New Zealand making for us under the treaty? There is not one single item in Schedule B which is lower than it was under the old treaty—not one. There is not a single item that is lower than the British preference. But there are five items that are increased against us to a rate higher than the British preference, which was the rate we got under the old treaty. Socks and stockings, item 137, has a British preference rate of 28·9, but under this treaty these manufactured goods of ours going into New Zealand will pay 39·8. Plaster-pulp sheets, plaster board and similar building materials, item 212 (13) carry a British preference rate of 24·5 per cent, and our goods going into New Zealand will pay, instead of 24·5 per cent, 42·87 per cent. In regard to cultivators, harrows, ploughs, drills, sowers, seed or grain separators item 333 (1), the British preference is 12·25 per cent, and these goods of ours going into New Zealand will pay 36·75; and in regard to item 353 (4), electric cooking and heating appliances, the British preference is 20 per cent plus 22½ per cent surtax, or a total of 24·5 per cent, while our goods going in will pay 20 per cent plus 22½ per cent surtax or 36·75. There is also one increase in the automobile item. There is an increase in passenger cars valued at over £200; whereas the British preference, on the basic duty, is 10 per cent, the treaty rate, that is to say on cars of from 50 to 75 per cent Canadian content, is 20 per cent or double the British preference. So that as a matter of fact there are really six items of Canadian goods going to

New Zealand on which there is an increase, and on none of the items for export to New Zealand is there any decrease in the New Zealand duty.

This, Mr. Chairman, is the summing up of the treaty. As I say, we are glad that an arrangement has been made with the sister dominion, but I do not think we ought to be too sanguine about the result; rather, we should hope that the fact that the agreement has been made and an understanding has been arrived at, even after nearly two years, will accomplish some good. The Prime Minister of this country insisted in 1930 that the reason why our subamendment should not pass was that we would be too long making a treaty. The minister has been nearly two years making this treaty, and I have no doubt he has had his difficulties. We can only hope that in view of the fact an arrangement has been arrived at, a substantial increase in trade between Canada and New Zealand will result. However, let me point out to the committee that should an increase in trade take place, it will not be new trade; it will be the recovery of trade lost during the past two years as a result of the policies of this government.

Item agreed to.

Schedules agreed to.

Sections 1 to 5 inclusive agreed to.

Bill reported.

On motion of Mr. Guthrie the house adjourned at 10.45 p.m.

Monday, May 2, 1932.

The house met at three o'clock.

ARMS AND AMMUNITION

NOTICE OF MOTION FOR APPROVAL OF CONVENTION FOR SUPERVISION OF INTERNATIONAL TRADE IN MUNITIONS AND IMPLEMENTS OF WAR

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I move, seconded by Mr. Guthrie:

That it is expedient that parliament do approve of the international convention for the supervision of international trade in arms and ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the Honourable Raoul Dandurand on the 22nd September, 1925, and that this house do approve of the same.

It might be that the leader of the opposition (Mr. Mackenzie King) would desire to say something about this motion. Therefore it can stand until to-morrow, and this can be treated merely as notice of motion.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I desire to lay on the table of the house orders in council 1022 to 1025, inclusive, 980 to 994, inclusive, 1006 to 1011, inclusive, 1013 to 1017 inclusive, passed pursuant to the Unemployment and Farm Relief Continuance Act. All these orders refer to payments of money.

COMPANIES ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 69, to amend the Companies Act.

Mr. MACKENZIE KING: Explain, please.

Mr. CAHAN: Mr. Speaker, at the present time all Canadian companies which are incorporated under letters patent issued under part 1 of the Companies Act, all banks incorporated under the provisions of the Bank Act, and certain other companies, such as the Canadian Pacific Railway Company, are authorized by law to maintain outside of Canada registers in which may be registered transfers of stock. The government, after listening to the representations of a number of other Canadian companies which are incorporated by special statute, and companies to which part II of the Companies Act applies, have deemed it advisable to facilitate the transfers of shares in the capital stock, as well as registered bonds and debentures of Canadian companies, by authorizing all companies within the legislative jurisdiction of the parliament of Canada to maintain registry or transfer offices outside of Canada as well as in, with this safeguarding provision, that immediately the entries shall be transferred to and entered in the books of registry kept at the head office of the company in Canada or at its chief place of business. I think the measure when it is printed will appear very simple and advisable, in view of the fact that companies complain that transfers of their stock, in England particularly, are delayed for weeks sometimes because they have not the facilities which other companies have of maintaining at some bank or trust company in England a branch registry in which transfers may be registered and become legally effective.

Motion agreed to and bill read the first time.

DEPARTMENT OF INSURANCE

Hon. E. N. RHODES (Minister of Finance) moved the first reading of Bill No. 66 (from the Senate), respecting the department of Insurance.

Motion agreed to and bill read the first time.

FOREIGN INSURANCE COMPANIES

Hon. E. N. RHODES (Minister of Finance) moved the first reading of Bill No. 67 (from the Senate), respecting foreign insurance companies in Canada.

Motion agreed to and bill read the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES

Hon. E. N. RHODES (Minister of Finance) moved the first reading of Bill No. 68 (from the Senate), respecting Canadian and British insurance companies.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PULPWOOD EXPORTS

Mr. WOODSWORTH:

1. How many cords of pulpwood were exported from Canada at the port of Sault Ste. Marie in the years 1929, 1930 and 1931?
2. How many cords of pulpwood were exported from the ports of Fort William and Port Arthur in the same years?
3. How many boats cleared from Fort William and Port Arthur loaded with pulpwood?
4. For what ports did they clear?
5. To what firms were the cargoes consigned?

Mr. RYCKMAN:

1 and 2. Exports of pulpwood through Sault Ste. Marie, Fort William and Port Arthur during the fiscal years ended March 31, 1930, 1931 and 1932:

	1930 Cords	1931 Cords	1932 Cords
Sault Ste. Marie.. ..	108,896	113,194	65,423
Fort William..	25,850	35,600	18,805
Port Arthur..	130,287	129,799	121,237

3. Information is not available from returns compiled in this department but could be furnished after being obtained from ports.

4 and 5. It is contrary to the established practice to give information that would disclose the business of any private concern.

[Mr. Cahan.]

CAP ST. IGNACE POSTMASTERSHIP

Mr. FAFARD:

1. Was the position of postmaster of Cap St. Ignac, Quebec, vacant in 1932?
2. What are the names and occupations of all those who applied for the post of postmaster?
3. Was any one appointed temporarily?
4. Was any one appointed permanently?

Mr. SAUVE:

1. Yes.
2. Name—occupation:

Joseph Henri Bernier, store clerk, unemployed; Roméo Bernier, unemployed; Miss Camille Bossinotte, assistant postmistress; Joseph Bossinotte, acting postmaster; Joseph M. Dubé, storekeeper; Omer Fortin, unemployed; Ernest Fournier, unemployed; Jean Louis Gamache, unemployed; Adrien Guimond, unemployed; Mrs. Aurore Marois, housekeeper; André Ouellette, not known.

3. Yes.
4. No.

EUROPEAN IMMGRANTS—1929, 1930

Mr. EDWARDS:

1. What was the number of European immigrants who came to Canada in the year 1929 and the first six months of 1930?
2. What was the total number of European immigrants who came to Canada in the year 1930?

Mr. GORDON:

1. 65,808.
   35,597.
2. 46,915.

GREECE AND ROUMANIA—OUTSTANDING INDEBTEDNESS

Mr. JACOBS:

1. What is the outstanding indebtedness to Canada of the following governments: (a) Greece; (b) Roumania?
2. When was the said indebtedness incurred?
3. What sums were originally owing?
4. Was the indebtedness funded, and if so, in what years?
5. Have the countries in question ceased payments on account of principal and interest, if so, in what year or years?
6. If the countries in question are in arrears of payment, what steps have been taken to obtain payment?

Mr. RHODES:

1. Principal amount: Greece $6,525,000; Roumania $23,969,720.
2. Under agreements made in 1919.
3. Greece, $7,521,300.67; Roumania, $20,-449,104.49.
4. Greece, 1923; Roumania, 1922.

5 and 6. Roumania has made payments to date. In the case of Greece, principal and interest of $283,125 due 31st December, 1931, has not been paid, the postponement which applies to reparations and inter-governmental war debts having been made applicable to this debt at the request of Greece.

TRANS-CANADA HIGHWAY

Sir EUGENE FISET:

1. What is the total amount authorized to date by the federal government for works on the trans-Canada highway to be executed by the provinces under the authority of the Unemployment and Farm Relief Act?
2. What amount of money has been expended to date by each province on this project?
3. What amount has been paid to date by the federal government to each province in connection with this trans-Canada highway?

Mr. GORDON:

1. The total estimated cost of works to be carried out on the trans-Canada highway under the Unemployment and Farm Relief Act, 1931, approved to May 2, amounts to $9,996,972.71, of which the dominion government has agreed to contribute fifty per cent or $4,998,486.35.
2. No information.
3.

Prince Edward Island..	Nil
Nova Scotia..	Nil
New Brunswick.. .. ..$	60,376 66
Quebec..	Nil
Ontario..	1,875,000 00
Manitoba..	251,934 99
Saskatchewan.	Nil
Alberta..	102,429 75
British Columbia.	257,427 92
$	2,547,169 32

QUESTIONS PASSED AS ORDERS FOR RETURNS

WAR MUNITION PURCHASES

Mr. DORION:

1. Did the Canadian government purchase between 1920 and August, 1930, war ammunition or other war material from any foreign country?
2. If so, when, in what quantity, for what amount, and from what country?

PENSION PAYMENTS—1931

Mr. MACKENZIE (Vancouver):

What was the amount paid out in Canada last year for pensions, as follows: (a) judges and civil servants; (b) war pensions; (c) North West rebellion; (d) militia; (e) civil flying; (f) war veterans' allowance; (g) old age pensions?

VERCHERES BREAKWATER

Mr. RHEAUME:

1. Since November, 1931, to date, what amount was assigned to the village of Vercheres, in the electoral district of Chambly-Vercheres, by the federal department in charge of unemployment relief, for the construction of a breakwater or any other work?
2. How and where were the amounts assigned for such purpose expended?
3. What was the name of the superintendent and foreman of said works, the wage or salary of each: (a) per day; (b) total salary?
4. What was the reason for the dismissal of the superintendent and foreman of said works, Octavien Grenier, of Vercheres, and Jacques-Emile Cartier?
5. Were these two men replaced, if so, by whom and at what salary or wage?
6. What quantity of stone was purchased for the construction of the said works, from whom, and at what price?
7. What was the total cost of said works up to February 15, 1932?
8. What are the names and addresses of the persons employed on the work in connection with the said breakwater in the village of Vercheres, and what work was done by each of them?

Mr. STEWART (Leeds): Mr. Speaker, I suggest that this question stand as an order for return and that it be consolidated with No. 7 on the notices of motion for production of papers, as to a certain extent the two overlap.

UNOPPOSED MOTIONS FOR PAPERS

MONTREAL HARBOUR BRIDGE

Mr. GARDINER:

For a return showing the amount of the tender of the Dominion Bridge Company for the construction of the Montreal harbour bridge, with particulars of all extras, and by whom authorized, and the dates of meetings of the harbour board authorizing these increased expenditures, together with the names and amounts paid to sub-contractors for material supplied; also list of properties purchased for this public improvement with the names of owners and the amount paid to each for these properties.

Right Hon. R. B. BENNETT (Prime Minister): In the absence of the acting Minister of Marine (Mr. Duranleau) I merely wish to remark that some of the information asked for may be rather indefinite. I have found, from personal investigation, that this may be so, but such information as the harbour board can furnish will be made available, though it may take some time to have it brought here from Montreal and prepared.

DEPARTMENT OF INTERIOR EMPLOYEES

Mr. MUNN (for Mr. Ahearn):

For a return showing:—

1. The total number of permanent employees of the Department of the Interior who were compulsorily retired between the 1st of January, 1931, to date;

2. The total number of such employees who receive or will receive superannuation allowances;

3. The total number of such employees who were transferred to other permanent positions in the federal government service at salaries equal to the salaries they were receiving on retirement;

4. The total number of such employees who were transferred to other permanent positions in the federal government service at salaries less than the salaries they were receiving on retirement;

5. The total number of such employees who were transferred to temporary positions in the federal government service, and who are still employed temporarily;

6. The total number of such employees who received gratuities on retirement under the provisions of the Superannuation Act of 1924;

7. The total number of such employees who received returns of contributions from the retirement fund;

8. The average amount of money which will have to be paid annually to each of the employees superannuated on compulsory retirement from the Department of the Interior;

9. The total sum of money paid to such employees from the retirement fund;

10. The total sum of money paid to such retired employees as gratuities under the Superannuation Act of 1924.

ST. MAXIME DE SCOTT—PROTECTION WALL

Mr. MARCIIL (for Mr. Boulanger):

For a copy of all correspondence, letters, telegrams and other documents in connection with certain works and construction of protection wall at St. Maxime de Scott, Quebec, during the years 1931 and 1932, together with a copy of paylists and statements of moneys expended for the purchase of material and otherwise, and also showing the name of the superintendent of works.

GARNET WHEAT GRADING

Mr. MOTHERWELL:

For a copy of all correspondence, telegrams or other documents that may have passed between Mr. Short or any other officer of the Canadian Millers' Association and Hon. H. H. Stevens, Minister of Trade and Commerce, or any other member of the government or their respective deputies, on the subject of the grading of garnet wheat, since the seventh day of August, 1930.

LENNOX, N.S.—POSTMASTER

Mr. DUFF:

For a copy of all correspondence, reports, decisions and other documents, regarding the dismissal of Ronald H. McGillivray, as postmaster at Lennox, county of Antigonish, Nova Scotia, as well as a copy of the evidence taken by commissioner N. D. Murray, a copy of his report and also a copy of his account for remuneration and disbursements.

INDIAN OFFICE—REGINA

Mr. DONNELLY:

For a copy of all correspondence, letters, telegrams and other documents, since August 1, 1931, passing between the Superintendent General of Indian Affairs or his deputy and the Indian commissioners in Regina, Saskatchewan, dealing with: (a) the closing of the Indian commissioner's office in Regina, Saskatchewan; (b) the abandonment of the greater production farm near Regina, Saskatchewan.

RELIEF WORK—CHAMBLY-VERCHERES

Mr. HURTUBISE (for Mr. Rheaume):

For a copy of all correspondence, telegrams, contracts, paylists and other documents in connection with the work done in each municipality of the electoral division of Chambly-Vercheres, Quebec, pursuant to the Unemployment Relief Act, 1930, from September, 1930, to date. Also a return showing in detail: (a) the work in connection with the enlargement or repairs to the shed located on the wharf at St. Antoine de Padoue, the reinforced concrete work on the shores of the Richelieu river in the said municipality, in connection with the retaining wall facing No. 92 on the registered plans of the municipality of St. Antoine de Padoue; (b) the names and addresses of superintendents or foremen of said works in each parish, the number of hours and days worked, and the salary or wage paid to each; (c) the names and addresses of the men employed on the said works, the number of hours and days worked by each and the amount paid to them; (d) the quantity of stone purchased in connection with the said works, the price paid and the name and address of the person or persons from whom purchased.

BUSINESS OF THE HOUSE

ASCENSION DAY ADJOURNMENT

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

That when this house adjourns on Wednesday, the 4th of May, it stand adjourned until Friday, the 6th of May, instant.

Motion agreed to.

NATIVE WINE

On the orders of the day:

Mr. J. L. BROWN (Lisgar): I should like to ask the Prime Minister if he will lay on the table of the house a copy of the order in council which I believe was passed shortly after the last session of parliament, giving permission to wine growers to fortify their wines.

Right Hon. R. B. BENNETT (Prime Minister): That would not be in my department; I think the Department of National Revenue dealt with the matter.

Hon. E. B. RYCKMAN (Minister of National Revenue): Any order in council relating to the matter mentioned by the hon. gentleman will be brought down.

CANADIAN NATIONAL RAILWAYS

GUARANTEE OF SECURITIES TO BE ISSUED UNDER CANADIAN NATIONAL RAILWAYS FINANCING ACT

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): Under the provisions of Bill No. 34, which enables the Canadian National Railways to borrow the sum of $61,500,000, the usual companion bill is necessary to enable the government to provide the funds. Notice of this resolution was handed to the clerk and will appear in the votes and proceedings to-morrow, in the ordinary course, but if we follow the ordinary procedure the matter cannot be taken up until Wednesday. Since the matter is rather urgent and a certain proportion of the funds is required immediately by the railway, I wish to give notice that to-morrow I will ask unanimous consent for the purpose of proceeding with this bill.

EASTERN BANK OF CANADA

BANK CIRCULATION REDEMPTION FUND—PAYMENT TO ESTATE OF THE LATE ANGUS MCLEAN

Right Hon. R. B. BENNETT (for the Minister of Finance) moved the third reading of Bill No. 65, respecting the Eastern Bank of Canada.

He said: As the Minister of Finance was absent because of illness when this bill stood for third reading, I promised the hon. member for Quebec South (Mr. Power) to obtain certain information, and as I have been familiar with the matter I am venturing, on behalf of the Minister of Finance, to move the third reading of the bill. The facts are that by resolution of the directors, passed on March 3, 1930, all the subscribers with the exception of Angus McLean were repaid the amount of their subscriptions, he being responsible for the liquidation of the accounts by an arrangement made with the subscribers. Mr. McLean settled the various outstanding accounts, so there were then no outstanding liabilities, and his subscriptions were not returned in full. At the time of his death he was the only one who had not been compensated for the money expended, and as a matter of fact he expended much more than the sum which is being returned. The sole remaining asset of the bank is the deposit of $5,000 made under the provisions of the Bank Act in the bank circulation redemption fund, and it is this money which it is proposed to pay back to the estate. That can be done only by legislation, which is the bill now standing in the name of the Minister of Finance for third reading.

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

NEW ZEALAND TRADE AGREEMENT

Right Hon. R. B. BENNETT (for the Minister of Trade and Commerce) moved the third reading of Bill No. 62, respecting a certain trade agreement between Canada and New Zealand.

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

INDUSTRIAL PROPERTY

BILL RESPECTING UNFAIR COMPETITION IN TRADE AND COMMERCE

Hon. C. H. CAHAN (Secretary of State) moved that the house go into committee to consider Bill No. 5, respecting unfair competition in trade and commerce.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

On section 1—short title.

Mr. CAHAN: Just by way of introduction I may say that the international convention for the protection of industrial property, which was signed on behalf of Canada at The Hague on November 6, 1925, by a representative of the Canadian government of that day, was ratified by the governor in council by order in council P.C. 648, which was passed on April 19,1928. So far as Canada is concerned the convention came into force on May 1, 1925.

The original Trade Mark and Design Act of Canada was enacted by the parliament of this country in 1869, the second year after confederation, and it has remained upon our statute books since that time without material changes. By the British North America Act, 1867, Canada is authorized to legislate for the regulation of trade and commerce, and under section 132 of that act Canada can legislate also to give effect to treaties made with the British Empire, to which Canada is a party. Article 10b is of this convention to which Canada gave adherence provides that the contracting parties are bound to ensure the persons entitled to the benefits of the union effective protection against unfair competition:

Every act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

The following acts among others shall be prohibited:

1. All manner of acts, of such a nature as to create confusion by any means whatsoever with the goods of a competitor;

2. False allegations, in the course of trade, of such a nature as to discredit the goods of a competitor.

That is a general provision. The convention then provides certain obligations on the part of Canada with regard to respecting the trademarks of foreign countries which are in use in this country, and there is a reciprocal obligation on the part of some twenty nations to respect Canadian trademarks and Canadian tradenames.

This bill, after the second reading, was referred to a special committee of the house. I was selected by the committee to act as its chairman, and the committee had many sittings. It received and heard reports from various parts of Canada on the measure, which really deals with trademarks and tradenames, and is a remodelling of the Trademark and Design Act of Canada.

I am very grateful for the cooperation of the various members of that committee who gave very serious consideration to the matter, and finally unanimously reported this bill in the form in which it now appears. There are, I find, one or two slight corrections to be made in the printing, but the bill as it stands is the unanimous product of the committee. After representations were heard, and after a full discussion, a number of amendments to the original bill were adopted. I therefore ask the cooperation of this committee in the consideration of this bill, which is the best that we can produce under the circumstances. It does provide one very essential thing—protection of trademarks in this country. Where duplicate trademarks have been in vogue in times past, entitled to equal rights, we have left the courts to decide such matters; but after this bill becomes law, trademarks which are registered in this country shall apply to all Canada and shall apply to Canadian products abroad.

During the consideration of this measure we received representations, very favourable indeed, from those who were dealing in Canadian products in foreign markets, highly appreciating the fact that we were proposing a measure which, so far as we were able to do so without making the legislation retroactive, would in future provide that the trademark on any Canadian goods sold in a foreign market would represent the goods which it purports to represent, so that those in this country who produce goods of a high standard and quality will have the benefit in the foreign market of the reputation which their goods have really earned.

Section agreed to.

Sections 2 to 22 inclusive agreed to.

On section 23—Present register of trademarks continued.

Mr. CAHAN: When the committee reported the bill it was unanimously agreed that wherever the word "figures" appears we should substitute the word "numerals." In the final printing of the bill, I find, some of these changes were omitted. The word "figures" has a dual meaning and the committee decided to use instead, throughout, the word "numerals." On page 11 of this bill, section 23, the word "figures" appears in lines 33, 36, 38, 43 and 47; by some inadvertence the word "numerals" was not used instead. With the unanimous consent of the committee I should like to amend the section by substituting the word "numerals" for the word "figures" in the lines I have indicated.

Amendment agreed to.

Section as amended agreed to.

Sections 24 to 30 inclusive agreed to.

On section 31—Application to distinguish between word mark and design mark.

Mr. CAHAN: In line 20 the word "figures" should be struck out and the word "numerals" substituted therefor; in line 32 the word "described" should be struck out and the word "prescribed" substituted therefor. I beg to move these amendments.

Amendments agreed to.

Section as amended agreed to.

Sections 32 to 35 inclusive agreed to.

On section 36—Indexes of pending application.

Mr. CAHAN: Mr. Chairman, I beg to move that in line 21 the word "figures" should be struck out and the word "numerals" substituted therefor.

Amendment agreed to.

Section as amended agreed to.

Sections 37, 38 and 39 agreed to.

On section 40—Priority by foreign registration.

Mr. CAHAN: Mr. Chairman, I beg to move that the period after the word "provided" in the twenty-ninth line be struck out.

Amendment agreed to.

Section as amended agreed to.

Sections 41 to 45 inclusive agreed to.

On section 46—Notice of change of address of owner of registered mark.

Mr. CAHAN: Mr. Chairman, there is an obvious transposition of words in line 28. I beg to move that the words "the to" after the word "given" in the twenty-eighth line be struck out, and the words "to the" substituted therefor.

Amendment agreed to.

Section as amended agreed to.

Sections 47 to 54 inclusive agreed to.

On section 55—Registrar to transmit papers on request.

Mr. CAHAN: There is an obvious misspelling of a word in this section. I move that the letters "ot" after the word "relating" in the last line be struck out and the letters "to" substituted therefor.

Amendment agreed to.

Section as amended agreed to.

Sections 56 to 62 inclusive agreed to.

Bill as amended reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION OF MONEYS TO MEET EXPENDITURES AND INDEBTEDNESS IN 1932

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go into committee on Bill No. 34, respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1932.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Sections 1 to 6 inclusive agreed to.

Bill reported, read the third time and passed.

COMPANIES ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 61, to amend the Companies Act.

He said: This amendment to section 85 of the Companies Act is intended to remove confusion which has prevailed since the passing of an amendment to section 63 of the Bankruptcy Act, which is chapter 11 of the Revised Statutes of Canada, 1927. The Bankruptcy Act provided that assignments of book debts should be void unless they are registered locally under provincial legislation in any province where legislation had been passed requiring such assignments to be registered locally. Since that date every province which has a bills of sales act has amended its legislation so as to provide for the registration locally of those assignments of book debts. The banks and all other Canadian companies have complied with those provincial laws.

Recently the question was raised under section 85 of the Companies Act, which provides under section 85 (1) (c) for registration with the Department of the Secretary of State of a floating charge on the undertaking or property of the company, whether the registration of such floating charge did not include the registration of assignments of book debts, and since then some doubt has prevailed about the matter. Canadian companies which have been making such assignments believed they were fulfilling the letter of the law when they complied with the provincial statute. It has seemed to me unnecessary to provide that there should be sent to Ottawa and registered with the Secretary of State assignments of book debts which have already been registered in local registers throughout the length and breadth of the land. To do this involves greater expense, creates confusion and serves no good purpose. Therefore I have introduced this amending bill to provide, in effect, that this subsection of the Companies Act shall not apply to a floating charge created by a company, after the date hereinbefore in this subsection mentioned, on its accounts receivable or any of them.

The purpose of the bill is to avoid all confusion and to provide that the course which has been followed now for a term of years throughout Canada, namely, the registration at the local registry office, shall be effective, without duplicate original assignments having to be filed at the office of the Secretary of States.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Hanson, (York-Sunbury) in the chair.

Sections 1, 2 and 3 inclusive, agreed to.

On the title.

Mr. STEWART (Edmonton): I do not know whether the matter comes under this act or some other provision, but is it not possible for the federal government to exercise some control with respect to financing, issuing of stock, over companies that secure dominion charters? I know my hon. friend said the other evening that it was not possible, but it seems that under the provisions of provincial charters, provincial governments have some supervision over the sale of stock.

Mr. BENNETT: That is the sale, not the issue.

Mr. STEWART (Edmonton): The difficulty that the provincial authorities experience is that they cannot interfere with stock sold under a dominion charter, and there does not seem to be any supervision; these stocks can be increased and sold apparently without let or hindrance, whereas if a company has a provincial charter, there are restrictions upon its activities in this respect. I do not for a moment mean to charge companies with doing this deliberately, but their stock gets into the hands of brokers who seem to be able, when there is a dominion charter, to carry on this practice without hindrance.

Mr. CAHAN: It is not control over the issue of a charter which the hon. gentleman deems desirable; it is control over the sale of stock by companies after they have been incorporated. I differ somewhat from the suggestion of the hon. gentleman because I think we keep a closer supervision over the issue of dominion charters than most of the provinces do over the issue of local charters. Time and time again, when we refuse to issue a charter with certain provisions which we deem objectionable, the applicants apparently find no difficulty in securing from provincial governments charters containing the very clauses which we consider objectionable.

Mr. STEWART (Edmonton): Will my hon. friend specify a case?

Mr. CAHAN: Take the consolidation in connection with the company to which the hon. member for Winnipeg North Centre (Mr. Woodsworth) called attention the other day: they obtained a provincial charter which contained all the objectionable provisions to which the hon. gentleman referred. But in order to meet the situation, either last session or the session before, the Minister of Justice, who I notice is not in his seat, introduced an amendment to the criminal code which his department deemed sufficient to enable the attorney general in any province to take proceedings against those who indulged in those objectionable proceedings with respect to sales of which the hon. gentleman complains. This parliament amended the criminal code by introducing a new provision, and it was pointed out at that time to the respective provincial governments that, if they deemed this new provision of the criminal code inadequate, the Department of Justice was prepared to consider further amendments which would enable the attorneys general to prosecute offenders in connection with the sale of stocks of companies incorporated under dominion statutes. I have one remedy in mind, and although it may be a purely personal opinion, I have urged it continuously for the last twenty years: I think it is entirely objectionable that under our constitution the conduct and direction of prosecutions for offences under dominion statutes should be taken out of the hands of the attorney general of Canada, who is deeply interested in the maintenance of federal law, and in every case vested in the departments of the attorneys general of the provinces. I think sooner or later the time must come when by some amendment to the constitution, or by some other arrangement, provision may be made that the duty and responsibility for the enforcement of federal laws will rest upon the Attorney General of Canada, who is also Minister of Justice. Until such time I do not believe the condition in this respect will be satisfactory.

Mr. POWER: Does the minister include the enforcement of the criminal law?

Mr. CAHAN: There is a wide division of opinion in that connection. The fact is, however, that attorneys general in the provinces do enforce the criminal law, and I think generally speaking they enforce it very well indeed. I have in mind, however, the passing of special enactments by this parliament involving penalties. It is very seldom—at least this has been my experience—that attorneys general in the provinces can be induced to undertake the enforcement of these specific federal statutes. I believe this is a matter well worthy of consideration.

Mr. POWER: I am discussing the point only to obtain the benefit of the minister's experience. I am under the impression, however, that the federal government does appoint attorneys to prosecute under special acts passed by this parliament. Let us consider, for instance, the revenue acts, those measures concerning illicit stills. We know the federal government looks after such prosecutions. I

am under the further impression that certain offences against statutes concerning the Department of Agriculture are enforced by direct prosecution on the federal government.

Mr. CAHAN: Has my hon. friend ever represented the federal government in any such prosecution?

Mr. POWER: No; I have been so long in parliament, compared with the time I have been at the bar, that I have not had occasion to appear in such prosecutions. I do know, however, that the federal authorities prosecute in matters concerning illicit stills, and the smuggling of cigarettes. I believe, also that the Dominion government prosecutes in connection with a bill which was amended in this house last year and which had to do with the quantity of fats to be found in milk. I am quite certain there are many such matters concerning which the attorney general of Canada appoints special prosecutors. I should like to ask the minister this question: Where would he make the distinction?

Mr. CAHAN: I was not attempting to draw a close distinction, but I am of the opinion and my experience has taught me that the enforcement of federal statutes through attorneys or counsel appointed by the federal government is a matter not of right but of complacent acquiescence on the part of the attorneys general of the provinces or their representatives. I have never acted for the Dominion government in any case, but I have endeavoured by laying informations to enforce the criminal law for private parties. In every case, however—and I am speaking of my experience in the city of Montreal—the direction of such prosecutions was really taken out of my hands. The provincial appointee representing the attorney general of the province, would sit alongside me in the courtroom, and say, "I am authorized by the attorney general of the province to represent him in this prosecution. I should be very happy to have your assistance, and to cooperate with you most cordially." He would always add, however, "The responsibility is mine, and in the final result I must exercise my discretion."

Mr. MARCIL: I should like to remind the minister that for many years the matter of the enforcement of federal laws has been under discussion. I can remember when this parliament passed legislation which had no effect whatever because it was not enforced by the provinces. I can remember when the observance of the Sabbath day was under discussion, and that in that connection there was a wide difference of opinion between people in the province of Ontario and those in the province of Quebec. After the bill had passed in this house an amendment was added to it in the Senate, to the effect that the enforcement of the act would be left to the attorneys general of the provinces. There is no doubt that some dominion legislation comes more or less within the rights of the provinces, and that the enforcement of federal statutes must be left to the attorneys general of the provinces.

Mr. STEWART (Edmonton): Mr. Chairman, while I am interested in this particular phase of the discussion, I must say that I have not received the information I wanted. In the provinces under what is known as the blue-sky law a company has to go to a board, and has to secure from it consent to issue stock. We will consider, for example, a company which has the right to issue stock to the value of a million dollars, and which has issued stock to the value of only half a million dollars. To all intents and purposes the smaller sum is all the capital required for that particular business. Suddenly, however, they decide to issue the balance of the stock, and have to appear before the board and give reasons for their action. The board takes upon itself the responsibility of saying whether or not the company is entitled to issue additional stock for the purposes of its business. Not only that, but if a new company takes a charter and asks for a licence to do business in the province, it also must appear before the board and obtain a licence to issue stock up to a certain point or a certain given amount which it may require. I am not complaining about the precaution taken by dominion authorities in connection with issuing stock to the extent of $2,000,000 when only $1,000,000 is required. But I do think there is something further required, because it is evident that in two cases with which we are all familiar, an implement company and a packing company, the stock issued was altogether, beyond the capital requirements and as a result those two companies find themselves in serious difficulties to-day. I do not suppose anybody is to blame. The companies simply took advantage of their charters, but the unsuspecting public who bought stock are undoubtedly going to suffer. I must confess I could not persuade my colleagues that we needed something of this kind, but I have been asking for some supervision by the federal authorities to prevent the issue of stock beyond the actual requirements of the

business. It may be said that that is undue interference by government, but if we are to do business under private auspices I know of no other way of checking this practice.

Mr. CAHAN: You would provide a federal board?

Mr. STEWART (Edmonton): I would provide a federal board from which every company with a federal charter should secure a licence to issue stock. Prosecutions are necessary undoubtedly, but I do want to see some control over the issue of stock by companies doing business under federal charters.

Mr. BENNETT: Mr. Chairman, it is now some twenty odd years since I first discussed this matter in this house. I had a very strong opinion with respect to the matter then, I have a very strong opinion now. But if the hon. gentleman's ideas are given effect to, it involves the creation of a board, or court, or commission, or tribunal, which shall have power to pass upon the necessity for each capital issue and upon the character of each capital structure. Against that was urged at the time by friends with whom I discussed the matter this objection, and it is a fairly sound one, that by setting up such a tribunal with the powers indicated, the granting authority to a company to issue stock or to create forms of securities as part of its capital structure would imply that we had given such company a certificate, which involves us in guaranteeing indirectly that it was a sound enterprise in which to invest. I will illustrate that point in this way. A little less than a year ago I made certain observations with respect to a company, and certain people said at once that the government had guaranteed that the shareholders in that company would be protected far beyond what they themselves had stipulated for; in other words it was going to make them better off than they made themselves, because we said we would protect them to the extent we endeavoured to do. That illustrates the soundness of the contention namely, that there is always danger if you set up any federal or provincial tribunal, and it authorizes a given step to be taken, that it thereby implies that that step is a sound one and that the securities issued are worthy of being purchased. We have to go further than that; it is not far enough—yet, it is too far.

Mr. WOODSWORTH: Is that not already done in the case of insurance companies?

Mr. BENNETT: No. Insurance companies are incorporated, as the hon. gentleman knows, under a standard act, which provides that under certain circumstances they will be authorized to do business. Banks are another illustration. That is, if a certain amount of capital is forthcoming they shall be qualified to transact business. This is an entirely different matter from that to which the hon. gentleman is now referring.

Mr. SPENCER: Are we not trying to do this very thing through the utilities commissions of the provinces?

Mr. BENNETT: I am going to mention that. In several provinces this method is being tried, and yet the greatest evils I know of in connection with the sale of shares, in one of the provinces at least, has come under these very circumstances, because the mere granting of authority to sell shares is not the cause of the trouble. It goes deeper than that. The representations made to secure the sale of the shares is what becomes of vital importance, and the circumstances under which the capital structure of the company is created.

I am going to endeavour for a few minutes, if it is not too tedious to the committee, to deal with the matter, both from the standpoint of the provinces and the dominion. Each province under a decision of the privy council has power to create a company that may carry on business not only within the province incorporating it, but beyond the province; but each province can restrain and control the sale of shares only within its own boundaries. It therefore follows that a company created in Alberta, and authorized by the utilities board to sell its shares at a given price, may go into the neighbouring province of, we will say, Saskatchewan, and the utilities board having a different view of the situation, or having the same view, the shares are sold there. You thus have sales in Saskatchewan, in Manitoba, in Alberta, in British Columbia, and in every part of Canada, it having been held by the privy council that a company might exercise all the powers practically that could be exercised by an individual, if each province passed a statute that had the effect of enabling the company created in one province to do business in another. I am not going into the technicalities of the law.

There is another illustration. The province of Prince Edward Island a few months ago passed a companies act which was intended to secure to the province additional revenue from companies. The province is said to be the Delaware of Canada. Delaware, as is known, is a very small state of the American union, and its company laws are so liberal that you will find thousands of companies

incorporated there doing business in New York. Not only are the company laws of the state of Delaware very liberal, but the authorities make no close inquiries with regard to the relation between capital issue and capital requirements. That situation prevails in Canada: the companies act passed by the legislature of Prince Edward Island is a very liberal one, and hon. gentlemen may recall that it is much more liberal than the company legislation of some of the other provinces. Then you have the other provinces each with its own provisions with respect to companies; in some they are incorporated by letters patent, in some by memorandum and articles of association, and in some by a combination of both methods.

Then you come to Canada. When I first began the practice of my profession we incorporated companies under letters patent under the Great Seal. Then there came an amendment to the law, and we have it now that the incorporation is issued by the Secretary of State under the seal of his department. We added to our companies act certain provisions of the English act which related to the memorandum and articles of association. It will be recalled that Mr. Asquith set up a commission to study the whole question of company law. The late Sir Frank Cust, who was regarded as the leading company solicitor in the kingdom, gave to this matter a tremendous amount of time and energy. The result was that they drafted as good a companies act as it was possible to secure. We copied part of that into our Companies Act. I think one remedy we might avail ourselves of that we have not thus far is with respect to provisions regarding the amount of capital that shall be paid up before a company begins to carry on business. As it stands now, what is done is done perfunctorily. The result is that the authority to carry on business is really no protection at all from the federal standpoint. With respect to the provinces, as I have said, the usual provision is that a company may carry on business when ten per cent of its stock is subscribed for and paid up; some merely require that it shall be subscribed. So you have capital structures created that vary from time to time in ways that I will not trespass upon the time of the committee to discuss.

The two cases to which the hon. gentleman has just referred are cases of reorganization. Shortly put, the methods of reorganizing companies are these: First, the assets of the company are valued, and very often the appraisal shows their value to be far in excess of the capital stock outstanding. In the second case, auditors report upon the average earnings of the corporation over a period of years. For the sake of argument let us say they averaged 12 per cent. Then it might be an appropriate thing to recapitalize the reorganized company on a basis of twice the former capital, because with its former earnings the company would be able to pay interest at 6 per cent upon twice the amount of capital stock formerly outstanding.

Mr. STEWART (Edmonton): Without any real necessity for new capital.

Mr. BENNETT: I am coming to that. The third point usually considered is the method by which the property is mortgaged to the hilt by a bond issue involving a minimum interest charge since bonds secured by mortgage constitute money loaned to the corporation, not money contributed as a partner but money loaned, which establishes the relationship of debtor and creditor. This is loaned at a low rate of interest, for the sake of argument we will say 5 per cent. Then the balance that remains enables a larger issue of common or some other form of stock to be made, and as the hon. gentleman just observed, as a result you have a very large issue of shares. When you have added to that the no par value provision, which I think has worked very badly in this country, if I might venture a criticism, and which is my personal opinion, has been injurious to the whole financial structure of the country, then you have the situation about which complaints have been made.

The question is how we are to remedy the difficulty. In the province of Alberta they passed a law which enabled them to charge with fraud those who made issues of capital stock, let us say, very much in excess of what was reasonably required. One case went to the privy council. It was felt on the one hand that this legislation constituted an interference with dominion powers, because the provincial officers could enter and search the premises and books and institute proceedings of a character peculiarly criminal. Nevertheless, the privy council sustained the action taken by the provincial authorities in that regard. That does not get us any further, however; that only enables the province to—shall I say—successfully raid the books of enterprises that have been promoted with an undue regard for the promoters and a disregard for the rights of the shareholders. That is not any good to the minister.

The other point of the hon. gentleman is that to institute proceedings does not get money back to the shareholders; they have lost their money. In my own view I differ from my hon. friend the Secretary of State. My

opinion is that the point urged so strongly in this house by the late W. F. Maclean is sound, namely that there should be some machinery by which the federal government can maintain prosecutions for violations of federal statutes. As it stands now, none but a provincial governmental authority may prefer an indictment, which is made either in the name of the attorney general or the crown prosecutor, as the case may be. If he sees fit, for reasons good and sufficient to him, to file a nolle prosequi it follows that the case is not proceeded with. That question became acute in this house in the days of Sir John Thompson, when the prosecution of Connolly and McGreevy was under consideration. It will be recalled that the Dominion government employed very eminent counsel for the purpose of maintaining that prosecution, but the indictment had to be framed and the charge drawn and submitted to the grand jury in the province of Ontario through provincial governmental institutions and by the officials of the attorney general's department.

It will be recalled that in the United States they have federal officials and a federal marshal, the marshal of the United States. They have a federal court and also what amount to federal prosecuting attorneys, who carry on prosecutions for breaches of federal laws. That is a provision which the framers of our confederation avoided for two reasons. In the United States they have forty-eight different kinds of criminal law, and the difficulty of having each state make its own criminal law, in connection with extradition and other similar matters, made it highly essential in the judgment of the framers of our constitution that we should have a universal criminal law, as we have. The second reason was that the administration of justice was felt to be a local matter which local authorities were better able to maintain and carry on than would be the federal authority. So at the moment in this country we have a universal criminal code applicable to every province, but its administration is in the hands of the officials of nine different provinces.

Under those circumstances it is my personal view that we should have a combination of the systems prevailing in the United States and in Great Britain. In Great Britain the department of public prosecutions is undoubtedly the finest organization in the world for the administration of criminal law. Every junior official of the treasury, who is a barrister, who is appointed to a position in that department is a man of promise who, without taking silk, may look forward to being promoted to the bench. Two of the greatest of English criminal judges to-day, one the senior member of the bench and the other a more recent appointment, were public prosecutors who gained a very great distinction by reason of the prosecutions they carried on. If any of the members of this house have read the book by the late Sir Harry Poland, who was the oldest practicing member of the bar, they will recall his description of a public prosecutor. The public prosecutor decides whether a case shall be proceeded with, and no political considerations govern. The selection of the local prosecutor rests with him, and he is in control of the whole machinery. The law is put in motion and the matter is carried through to the end by the intervention of the public prosecutor. Sometimes I think that in connection with controverted elections, for example, the only way to get rid of many difficulties is to have an independent tribunal which will have no interest in sawed-off election petitions; this might get over the difficulties which have been experienced. If we had a public prosecutor charged with responsibility for the administration of justice as far as federal statutes are concerned, we might get over some of the difficulties I now see. I observe that my mind has not been working along the same line as that of the Secretary of State. As I have observed the difficulties in connection with the administration of justice with respect to federal statutes, and then realized that the entire power with respect to the administration of justice and the setting in motion of the machinery for public prosecutions rests with provincial officers, at times I have concluded that the method suggested is the one by which the matter can be best dealt with.

On the question of the capital structures of companies, to get back to what the hon. gentleman has been discussing, prosecutions do not serve the purpose he has in mind. I can recall that when I was much younger than I am now I thought the difficulty could be overcome by the setting up of a federal tribunal that might exercise powers similar to those which have been given the Board of Railway Commissioners. I thought possibly it might be a branch of one of our federal commissions. But a country must not be overcommissioned, and already there are some signs indicating that people think we have as many commissions now as are necessary, if not too many. It might be an adjunct of the tariff board, for instance, in the mind of my hon. friend from Weyburn (Mr. Young) and some of the other hon. gentlemen who think as he does, but the difficulties in the way of setting up a tribunal that gives its imprimatur, its approval and its authority for a certain

course of action to be taken, are not to be overlooked. I am sure, from what the hon. gentleman has observed in connection with other matters, that he will agree that this is an argument not to be lightly set aside. I am satisfied that we must devise some method by which to prevent the reorganization of enterprises as it has been going on in this country. About that I have not the slightest doubt in the world—not any. I am sorry to say—I think it was done inadvertently—that in 1930 we put a direct premium upon doing it. There were, I think, only two members in the house who observed it, and I know the government did not think it meant what it did; but it did permit the reorganization of every business enterprise in this country, if they wanted to do it. That was the effect of that statute.

An hon. MEMBER: What was that?

Mr. BENNETT: The provisions of the statute that permitted the absorption of profits in reserve by reorganization of the capital structure. Perhaps the hon. gentleman will recall what took place. That brought about a tremendous amount of reorganization. The result was that where a company had a capital of 10,000 shares and reserves that would enable it to recapitalize and reorganize, and to issue 15,000 shares, it was done. And the results sometimes were very injurious to the whole situation.

I can only say this to my hon. friend. The life of a government is very uncertain. This is one of the matters to which, however, I have given as much thought as I could in the time I have had at my disposal during the last few months. I think something must be done in the way of federal legislation to prevent just the difficulty to which he alludes. The effect is this—and it does not require any argument, for every hon. member to follow it: A successful company that by reason of great care and thrift has accumulated large reserves, proceeds to capitalize them, with the result that the public, who might hope to get a cheaper product by reason of the company having no greater demands upon it for fixed charges, suddenly finds itself confronted with trebled, quadrupled, or sometimes—I do not know of the apt word to describe it—twenty times its former capital, and the necessity becomes apparent to everyone of providing earnings to take care of a dividend upon its shares perhaps twenty times as large as previously prevailed. This is what the hon. gentleman is aiming at, and whether it can be done without a conference with the provinces I am free to say I have grave doubts. My own conviction, if it is worth anything to the hon. gentleman, is this. If we ever get back to normal conditions, there are two things that are essential for the maintenance of our commercial life, and one is that so far as possible there should be uniformity with respect to the incorporation of companies as between the dominion and the provinces. When I say uniformity, I mean that a company denied incorporation on application to the Secretary of State's office here, should not go to some other office in a province and obtain all the powers and more, as is frequently the case, that were sought for in the federal department.

Mr. CAHAN: It has been done in every case in which I have refused it.

Mr. BENNETT: To my knowledge, it is done frequently. Secondly, and this is the more important, the reorganization of companies must be controlled where the public are as vitally interested as they are here. Where enterprises with small capital have been able to make great progress, they must be prevented from issuing enormous waterlogged securities upon which the public pay enhanced prices for the purpose of enabling them to retain those securities so that they shall be quotable or saleable in the markets of the world.

Mr. COOTE: Hear, hear.

Mr. BENNETT: My hon. friend from Macleod says "hear, hear." Well, it is easy to say "hear, hear," but much more difficult to say "there, there," when you try to do it; it is a matter of first rate difficulty. When I say that the question of watered stock is one that has engaged the attention of every legislature in the world since 1862 or thereabouts, when we first had our Companies Act,—and companies are merely partnerships with limited liability that create, by reason of the statute, an entity called a corporation rather than a partnership—one realizes how essential it is that some steps should be taken. It is all very simple to sit down and suggest that something be done, but it is very difficult to begin to take action, having regard to the fact that we have a federal constitution, under which the provinces enjoy certain powers and the dominion others. However, I should like the hon. gentleman to know that I am not only in sympathy with what he says but that I believe it must be done. I believe we must discover, by conferences between the provinces and the dominion, some means by which that action shall be taken; and if we get back to normal times during the period I am pri-

vileged to direct the government of the country, I propose that a conference between the provinces and the dominion shall discuss the question to see whether we cannot arrive at some conclusions that will prevent a repetition of the enormous injury that has been done the country as a whole, and the great losses that have been sustained by individual investors by reason of the circumstances to which the hon. gentleman has referred.

Mr. CAMPBELL: Does not the Prime Minister consider it possible to take steps to prevent the watering of stock in companies that have federal incorporation, even if the federal jurisdiction does not extend to companies incorporated in the provinces?

Mr. BENNETT: The Secretary of State has alluded to the difficulty. The moment we undertake to impose such restrictions they at once say, "We will not incorporate with you at all but will go to the provinces," as in fact they do. That has been the difficulty to which the Secretary of State has directed attention. He says it is universal; when he refuses them, not being satisfied with the capital structure, or being of the opinion that they do not comply with the provisions of the law, they go to the province. Half a dozen sections in the Companies Act would remedy the difficulty. But that means that no companies would be incorporated here; and in support of that, you have the Secretary of State saying that in every case where he has refused them they have gone to a province and obtained a charter. That has been the real difficulty.

Mr. STEWART (Edmonton): The Prime Minister will remember that after the board was appointed in Alberta the effect was in the opposite direction; they could not get charters there and if they did not they came to the dominion.

Mr. BENNETT: Exactly.

Mr. STEWART (Edmonton): This is what I was complaining about to the former Minister of Justice during the past eight or nine years. I have only one difference of opinion with the Prime Minister, and it is this. This, of course, is a legal matter and I confess that I have not a legal mind; but if the federal authorities can control banks, insurance companies and large corporations of that character because it is in the public interest—perhaps control is not the proper word, but exercise some medium of control—then it does seem to me that the government would not be assuming any serious responsibility by setting up such a board as is suggested. This, after all, would obviate criticism of the government in the event of some company, which had a certificate from the board, going wrong. With respect to most of the public business that is done in the country by companies, by whatever means they are set up, the government of Canada and the provincial governments must assume some control or we shall drift into another state of affairs which in my opinion will not prove a huge success, namely, the nationalization of all our public business; because I confess I am not yet convinced that we have arrived at the stage where that would be a desirable thing to have happen. I am convinced that we have arrived at the stage where governments must set up some authority which will prevent the manipulation which now goes on by private individuals and corporations. Legal gentlemen will know the difficulties to be overcome but I contend that if we are to prevent complete nationalization, and I wonder sometimes if it would not be successful, it is necessary that we have some power to deal with the evils which have crept in, particularly during the past few years.

Mr. BENNETT: Section 91 of the British North America Act, dealing with the powers of parliament, in part reads as follows:

—it is hereby declared that (nothwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated, that is to say,—

15. Banking, incorporation of banks, and the issue of paper money.
16. Savings banks.
17. Weights and Measures.
18. Bills of exchange and promissory notes.
19. Interest.
20. Legal tender.
21. Bankruptcy and insolvency.

In connection with banks and other corporations, to which the hon. gentleman has referred, this parliament has exclusive jurisdiction to deal with the matter as well as with other matters affecting savings banks, bills of exchange, interest and legal tender. The courts have held that inasmuch as insurance companies may have provincial incorporation as well as federal there is no exclusive jurisdiction resting either with parliament, on the one hand, or the legislatures on the other. If we had exclusive jurisdiction with respect to all corporations, as we have with respect to banks, then there would be no difficulty. It has been held that insurance companies—one of the matters referred to by the hon. gentleman—do not require licences from this dominion to enable them to transact business in a province, and that their incor-

poration or licensing by one province will permit them, under proper conditions, to do business in other provinces. This illustrates the difficulties with which we have to deal due to the joint control of the dominion and the provinces. These difficulties have caused all our trouble up to the present moment although there is a way out which I have not ventured to express because it would not be the expression of a mature opinion on my part. I do believe that we can meet this difficulty and I promise hon. gentlemen that if it is not met it will not be because of any desire not to do so.

Mr. CAHAN: In reply to the criticism offered by hon. gentlemen—

Mr. STEWART (Edmonton): It is not criticism, it is information we are after.

Mr. CAHAN: I do not intend to cast any reflection upon my predecessors when I say that the administration of the Companies Act since August, 1930, compares favourably with its administration at any other time since the act was placed upon the statute books. It has been honestly and efficiently administered and I am prepared to refute any adverse criticism thereon. I do not think hon. gentlemen have realized the many ramifications of this subject. I, as Secretary of State, may refuse to grant a charter to-day; within forty-eight hours, an application may be made to London and a charter granted within sixty-four hours. Under the comity which exists between us and Great Britain, the company granted such a charter could carry on business in this country. I have seen that done time and time again when there were restrictions under our act to which the applicants did not wish to submit.

Mr. STEWART (Edmonton): Would a company incorporated in London have all the powers and authority granted to one incorporated by the federal government?

Mr. CAHAN: There are extraordinary powers granted under the English companies act which are not granted under our act.

Mr. STEWART (Edmonton): My hon. friend did not get the point of my question. Would a company organized and granted a charter in London under the English law have the same right to do business, in the province of Alberta for example, as a company organized and granted a charter by the dominion?

Mr. CAHAN: Quite so. It simply makes formal registration and then proceeds to do business. Under the English companies act a man may be incorporated to do in the name of a company almost everything that can be done by an individual. There would also be the greatest difficulty under the comity which exists between us and the United States. We could hardly declare that an American company could not come in here and do business unless its capital issues were subject to revision here. These companies come in by the hundreds and thousands and do business throughout Canada. They do not take out provincial or federal charters, they are incorporated in Delaware, New Jersey, New York or some other state and they come into Canada and carry on their corporate activities without regard to the restrictions imposed upon Canadians by our Companies Act. There is a wide range to be investigated in undertaking remedial legislation.

I do not think the Prime Minister (Mr. Bennett) understood what I said about the administration of justice in the provinces, because I think my ideas are somewhat in accord with his. If there is any constitutional method whereby the agents or officers of this government can be authorized to enforce federal laws against over-capitalization and the breach of federal legislation in regard to companies and the government will authorize me to take action at the expense of the government, I shall see that such action is taken. The matter is rendered far more difficult by the constitutional issue discussed by the hon. member for Quebec South (Mr. Power).

Mr. WOODSWORTH: I recognize the difficulties with regard to jurisdiction but may I remind the Prime Minister (Mr. Bennett) that when it was proposed that we should have bank inspection it was argued that that would be dangerous because the dominion might possibly be forced to accept certain responsibilities which it would not want to accept. There was an instance in which there was absolutely no doubt that the dominion had exclusive jurisdiction.

Title agreed to.

Bill reported.

CANADIAN NATIONAL RAILWAYS

EXTENSION OF TIME FOR CONSTRUCTION OR COMPLETION OF BRANCH LINES

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to provide for an extension of time from 31st August, 1932, to the 31st August, 1934, for the construction or completion

of certain branch lines of railway of the Canadian National Railway Company, authorized by chapters 19, 20, 21, 25, 28, 29, 30, 32, 33, 34, 35 and 36 of the statutes of 1929.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Resolution reported, read the second time and concurred in. Mr. Manion thereupon moved for leave to introduce Bill No. 70, respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railway.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Extension of time for construction.

Mr. CARMICHAEL: What is the number of this bill?

Mr. MANION: I am afraid the bill has not yet been given a number, because, with the consent of the house, we are making more rapid progress than is usual. The bill is merely for an extension of time for the building of various branch lines, twelve in number, that have not yet been completed. The bill introduced in 1929 permitted an extension for three years to August 31, 1932. As that time will run out on August 31 of this year, this is merely giving the railway a further extension of two years for the construction of these lines, without in any way saying that it will necessarily be two years before they are constructed. That is the whole purport of the bill.

Mr. CARMICHAEL: I realize that is the purport of the bill and I am not sure whether the authority is absolutely necessary; possibly it is. I have, however, before me a protest from at least one part of our western community against this further extension in completing some of the work that has already been undertaken. Some of these branch lines have been carried almost to completion. The one about which the protest to which I refer has been made has had the grade constructed.

Mr. MANION: Which one is it?

Mr. CARMICHAEL: The Hemaruka-Scapa line in Alberta. The grade is constructed, the ties and steel laid, the crossings put in, the telegraph poles erected and the wire strung, but the line is left unballasted, and because of that there has been no movement of freight of any kind from the Drumheller coal fields or from Calgary distributing points to the residents living along that line. That road serves a large part of my constituency and the people there find it necessary to bring their coal and other freight eastward on the Goose Lake line to Saskatoon and then back by Biggar and Loverna, a distance of some 320 miles further, just because this line has not been ballasted; at least that is the excuse offered by western district superintendents. Last year I had the privilege of corresponding with the district superintendent of Saskatoon and again with the divisional superintendent at Winnipeg, and in each case the statement was made that the line was not ballasted and they could not carry our coal.

I have no great objection to this extension of two years, but if it is just a matter of stalling off the work for two years, I do not know whether it is worth our while putting this bill through the house. When so much money has been expended as has been the case in this particular instance, the matter of ballasting the line to carry our coal and other freight to needy settlers should be undertaken and completed. The total mileage of this line from Hemaruka to Scapa is some forty-one miles. The residents of Loverna district point out to me their whole difficulty would be solved if the line were ballasted at present from Hemaruka to the Youngstown-Coronation line. Then by coming north and crossing this line at a point about six miles west of Hemaruka they claim, if this were ballasted, their coal and other freight coming from Drumheller east could switch north from Youngstown to Hemaruka and move eastward to Loverna and surrounding districts. What I wish to emphasize in connection with this particular line is that the ballasting of the whole road should be gone on with if at all possible. I know the minister can use the argument that funds are not available. That may be true, but I would remind him that just the other night he had some estimates put through for improvements for the Trent and other canals that are not nearly so important, and in each of the several cases there was a considerable increase of expenditure over that of the previous year. Therefore the argument that funds are not available is not going to be very weighty in this case when one considers that ballasting a matter of six miles of line will provide for the residents of some hundred or more miles of territory a much cheaper commodity. I am informed by the residents of that district that their coal costs them an average of $1.60 a ton more if they have it brought in by Saskatoon, and as a result many of them go north on the

Canadian Pacific and get their coal at $1.60 a ton cheaper. Those living south of the line go south to the Goose Lake line and haul it from twelve to sixteen miles, thus saving the extra freight charges. I would like to impress upon the minister the need of completing, not two years hence, but immediately, such lines as this one which needs only a small expenditure in order to complete it and to give to the residents along there the service for which they have been waiting many years.

Mr. MANION: May I suggest to the hon. member that a refusal to pass this bill would not necessarily hurry, in fact it would delay, the completion of the line. It would mean that nothing could be done on this line after August 31 of the present year, so that supposing some time after August 31 we wished to do some work on the Hemaruka-Scapa line and this bill had not passed, we should be unable to do it because we would not have the necessary legislation. Therefore a refusal to pass the bill would not advance but would probably delay the matter.

I have not any quarrel with the hon. gentleman in regard to the completion of this line, but in this bill there are twelve lines which it is claimed are in exactly the same position. The balance involved in these undertakings amounts to $13,000,000, which under present conditions is quite a sum. As regards the line to which my hon. friend refers, the figures that I have show that the total expenditure plus 15 per cent, which is the leeway allowed, was to be $1,650,000. The amount spent is given to me as $806,000, which is just a little less than half of the total amount. I mention that merely in passing. Perhaps it may help the committee to understand the whole situation if I say what I have said many times before in regard to various branch lines which have been brought to the attention of the government and the railway, that the railway management at this time take the attitude that because of the very serious financial situation and the continually decreasing earnings, they do not believe any amount should be spent on most of these lines, that is the twelve different ones affected. If conditions improve I am sure the government would be quite pleased; certainly they would have no objection to helping the railways to make the extensions required. At the present time, however, there is the feeling that the Hemaruka-Scapa line is on all fours with other branch lines, some twelve in number, and involving an expenditure of about $13,000,000.

Mr. CARMICHAEL: Does the minister suggest that half a million dollars will be necessary to ballast forty-one miles of road? According to the figures submitted that is the distance remaining.

Mr. MANION: Yes; that is true according to the figures I have had submitted to me. According to those figures the total expenditure on the Hemaruka-Scapa line, allowing a fifteen per cent leeway, was $1,650,000. The expenditures to December 31, 1931, were $806,000. Hon. members will see that half the amount is still to be expended.

Mr. GARDINER: Has the minister any information concerning the condition of that piece of line at the present time?

Mr. MANION: Yes, I can give my hon. friend the information that is before me which, I believe, is fairly complete. The distance in question is forty-one miles. The amount, without the fifteen per cent, was $1,435,000. Then the addition of the fifteen per cent made up the figure I have given. The line has been completed with the exception of the ballast, the buildings and the fences. Up to December 31, 1931, $806,000 had been expended, of which $255,990 was expended during the year 1931, details of which are given in an attached statement. Those details would not be very useful to the committee, as they enumerate details concerning engineering, grading, bridges, ties and so on. I do not think that information would be of any particular use to the committee. The statement I have before me does not give the details of the amounts still to be expended, but I have given the figures.

Mr. GARDINER: I appreciate the situation in which the Canadian National Railways find themselves, but I should like to know if the minister has any information concerning the possibility of having coal drawn on that line, even if it has not the ballast. In the early days of western Canada lines went without ballast for a period of two or three years, yet despite that fact trains ran on them. The people living in the district to be served by this road feel some service should be given so that they may be saved some very substantial amounts of money.

Mr. MANION: I cannot give the hon. member any definite information in that connection. I shall be very happy, however, to bring his comments to the attention of the railways, and if there is any way in which they can assist, I am sure they will be only too anxious to do so.

Mr. GARDINER: The statement by the hon. member for Kindersley is quite correct. Probably the minister has not the information before him to the effect that the Youngstown-

Coronation line is just about six miles west of Hemaruka. If the railway company could put a switch in there the people to the east would be served; I refer to those people six miles west of Hemaruka. If the railway could help, those people would receive a very much needed service.

Mr. MANION: I shall be very happy to draw the hon. member's remarks to the attention of the railway authorities.

Mr. GARLAND (Bow River): I am wondering if any action will be taken. I think the remarks of the hon. members preceding me have been both moderate and fair. We know about the practice of railways which in the past have constructed lines to certain points, and then left them for long periods of time. That condition requires no rehearsing. In the past it has been a serious scandal in such districts as the Lethbridge district, and others throughout western Canada. In the present instance we have a very striking illustration of the attitude of the railways towards requirements of districts. When the hon. member for Kindersley said that a back haul of about 160 miles was necessary he was understanding the facts—but perhaps wisely so. I find that at the present time to supply Little Gem, Naco, and points east of there, coal is run from Drumheller to Saskatoon, from Saskatoon west to Biggar, and from Biggar west to points of destination, a distance of 370 miles at a charge to the purchaser of about $3.80 a ton. That coal could be laid in there at about $2 a ton if the suggestion of the hon. member for Acadia (Mr. Gardiner) were adopted, and if it were drawn over the now almost completely constructed line, lacking only ballast. From my experience in the western provinces and from my knowledge of the territory, I am satisfied the base upon which the ties are laid is for the most part sufficiently level to enable the hauling of fairly substantial loads without great risk to the lines.

I support the contentions of those hon. members who have preceded me, and in that connection merely wish to say that I have been in communication with the Western Canada Fuel Association, the Drumheller coal operators, the board of trade of Drumheller, the Board of Railway Commisisoners, and the railways. To date I have not been able to get any satisfaction from the railways. The matter however, is still under consideration, and if the minister will add his voice to ours I am satisfied that collectively we may be able to secure some justifiable and satisfactory solution. The conditions at present are grossly unfair. Canada has paid for the line; the line is ready for use; the people need the service, but through lack of ballast they are being deliberately held up. I hope the minister will join with us in protesting to the railways.

Mr. MANION: I shall bring the hon. member's remarks to the attention of the railways.

Mr. BOTHWELL: I should like to speak to the minister concerning the Neidpath-Swift Current branch of the Canadian National Railways. There is a rumour that it is not the intention of the Canadian National Railways to put that line into operation until the year 1934. If I understand the situation correctly the road has been built, the steel has been laid, and ballasting is partially completed. I should like to find out from the minister what additional expenditures must be made in order to put that road into operation. That particular line has been agitated for the past fifteen years, and it seems to me it is in shape to give service to the district.

Mr. MANION: The remarks I made in connection with the Hemaruka-Scapa branch are applicable to the Neidpath-Swift Current branch. The Neidpath-Swift Current branch line was to cost $1,380,000, and up to the end of the year 1931, $937,000 had been spent. Therefore there is a balance to be spent of about $450,000. I can say only this, that it is in the same position as the other branch lines, of which there are twelve in all. In fairness to the railways may I add that pressure of financial conditions is responsible for the action they have taken.

Mr. BOTHWELL: Included in that figure is a considerable amount for station, grounds and so on. Would it not be possible to get the railroad in operation without that expenditure by simply putting in a loading platform or something of that kind? This expense would be very small and would give real service.

Mr. MANION: Again I do not care to offer any technical opinion, I am not qualified to do so; but I shall very gladly do for my hon. friend what I have promised to do for other hon. members, that is, draw his remarks to the attention of the railway management.

Mr. CANTLEY: When does the minister propose to complete the Sunnybrae-Guysborough road? As I understand it, 72 per cent of the construction work is already done. If the government are looking for some relief for unemployment, I do not know anything that will give more employment and at the

same time carry out the original purpose of the government than the completion of this road. The minister may tell me that he has not got the money, but my understanding is that he is spending about a couple of million dollars in the Hudson bay district on the completion of some work there. I do not want to offend my friends on the other side, but my impression is that that route never will be worth much as an outlet for their grain.

Some hon. MEMBERS: A wrong impression.

Mr. CANTLEY: We have been told how popular the route is and how much grain did go out over it last year when through the minister's efforts a few thousand bushels of wheat were shipped from Churchill. Owing to good fortune and an abnormal season he was able to get two boats into Hudson bay, but it may be doubted if the same conditions will occur again in the next fifty years.

Some hon. MEMBERS: Order.

Mr. CANTLEY: All right, read the history of the Hudson's Bay Company and their experience with the route and the history of the navigation of James bay for the last hundred and twenty or thirty years; after doing so some of you may change your minds in regard to the possibility and the practicability of that port. We have spent fifty million dollars on it. How much has been spent on railways in the maritime provinces in the last twenty years?

Mr. BEAUBIEN: We spend eight million dollars a year under the Maritime Freight Rates Act. I have no objection to it.

An hon. MEMBER: What about the elevator at Halifax?

Mr. CANTLEY: The railway mileage of the maritime provinces as compared with that of the other parts of the dominion is practically infinitesimal.

Mr. BEAUBIEN: But the railway deficit on the maritime province lines is equal to that in the rest of Canada.

Mr. CANTLEY: We built and paid for most of our railways before confederation; that mileage and other roads we gave as a gift to the dominion. All that we ask is that they maintain and operate them. To-day the railway department is not doing that. The situation is not satisfactory to the province of Nova Scotia.

Mr. WOODSWORTH: What about wharves and breakwaters?

Mr. CANTLEY: I appeal to the minister to do something to complete that road. Seventy-two per cent of the construction work has been done. Why not go on and complete the road and put it in operation? If the road were put through as originally intended it would save the department a very considerable amount of money, simply because the railway from New Glasgow to Mulgrave, a distance of eighty miles, is the worst section of road in Canada; the grades and the alignment are worse than any eighty mile section of road east or west. The operating losses on that section due to the physical condition of the road are and have been excessive. The gradients run from ·8 to over 2½ per cent, and the alignment is unequalled in any similar length of road anywhere in the country. By continuing the railway from Guysborough around to Mulgrave you will be able to do away with the operation of that most expensive section, on which a large amount of rolling stock has been destroyed; and only about 25 per cent of a normal load can be carried over it. I think the minister's department should consider this practical suggestion. What I am anxious about at the moment is to get some understanding from him that he will complete the section of the road, 72 per cent of the construction of which has already been done.

Mr. DUFF: I have very much pleasure in supporting the hon. member for Pictou (Mr. Cantley). He has covered the ground very well, and as we are anxious to get through the session, I need not make a speech on the Sunnybrae-Guysborough railway. I notice the minister in his remarks gave as one particular reason why the Sunnybrae-Guysborough road and the other branch lines cannot be completed that the Canadian National Railways did not have sufficient funds to finish the work. My understanding is that some $4,000,000 of bonds were issued and sold for the building of the Sunnybrae-Guysborough line, and consequently the railway management must be using the money for other purposes. This being so, I think the reason given by the management falls to the ground. The road should be completed.

Mr. MANION: I must confess that what the hon. member for Antigonish-Guysborough (Mr. Duff) says is news to me. I do not think he can be correct, for the railway management could not, without the consent of the government, use money from the sale of those bonds for some other purpose. However, my hon. friend is on the special railway committee, and to-morrow I would suggest he ask about that matter. I have

every sympathy for both him and my hon. friend from Pictou. They have both placed the matter before me a number of times. Unfortunately this branch line is in exactly the same position as other uncompleted branch lines throughout the country. While I very much respect the opinion of the hon. member for Pictou, the railway management do not admit that the Sunnybrae-Guysborough line is going to be such a profitable branch as he points out. However, I can only promise him as I have promised others, that the whole discussion will be brought to the attention of the railway management in whose hands the subject is.

Mr. CANTLEY: I expect you to promise me a little more than you did the other day.

Mr. SPENCER: I desire to draw to the minister's attention the branch line from Bulwark to Airways, Alberta. This line has been needed for a number of years. Last year after some delay the route was graded. People in the locality expected the line would have been completed last year, and they are very much disappointed. I can quite understand financial conditions preventing the railway management going ahead with new branch lines, but where a considerable amount of money has been expended on actual work, it seems to me it would be the course of wisdom for the line to be completed; for had it been in operation last year, a very considerable revenue would have resulted from the traffic that was available owing to the heavy crop that we had there. How much money has been spent on this line, and has the minister any estimate of what is needed to finish the work?

Mr. MANION: The branch line to which the hon. member refers has had a lesser proportion of the total cost expended on it than have most of the other branch lines that are being held up. The estimated cost is over $1,000,000 for the twenty-five miles, and the amount spent to the end of December last was $389,000, so that less than half has been expended. In the case of the Sunnybrae-Guysborough branch line for example, over three-quarters of the estimated cost has been spent, in fact in the percentage figure my hon. friend for Pictou gave he underestimated the expenditure. I do not wish to delay my own bill; the situation is just as I have told my hon. friend. The work is being held up through lack of funds.

Mr. SPENCER: If this bill goes through will these lines be finished within the next twelve or fifteen months?

[Mr. Manion.]

Mr. MANION: According to the bill they must be finished within two years or we will have to bring in another bill. It depends entirely on business conditions, so far as the railways are concerned. They are anxious to go ahead, and so is the government, but the difficulty is that the earnings of the road have been in the red, as they say, and there is not a very good outlook for the spending of money on branch lines, very few of which pay their way for some time.

Mr. SPENCER: Is it not a question whether the railways are not losing more money by not putting down the rails than will be saved by this policy?

Mr. MANION: They do not think so.

Mr. BEAUBIEN: Is it the fixed policy of the railways and of the government not to continue the construction of any branch lines until the revenues of the road improve?

Mr. MANION: In a general way that is correct, though there are a few small items in connection with the branch lines we are discussing at the moment. They will not total more than $350,000, however, which will be scattered from one end of the country to the other, so generally speaking my hon. friend is correct.

Mr. BEAUBIEN: Then I suppose it would be useless for me to press further for the Mafeking cut-off?

Mr. MANION: I am afraid so.

Some hon. MEMBERS: Oh, oh.

Mr. BEAUBIEN: I am quite sincere in that statement. The hon. member for Pictou mentioned the value, in the matter of the relief of unemployment, of the Sunnybrae-Guysborough line, and I am equally sincere with regard to the Mafeking cut-off. I do not think my hon. friend from Pictou is a very good salesman. He is trying to sell the idea of completing this branch line of his by knocking the construction of another line. I do not think there are many successful salesmen who try to sell their goods by knocking other lines. I may tell my hon. friend that his prophecy with regard to the Hudson Bay railway will not be fulfilled if the government give the line sympathetic consideration and if proper insurance rates are obtained.

Mr. MANION: We are giving it sympathetic consideration.

Mr. MURPHY: I do not want to delay this legislation, but as a member from Manitoba who in season and out has defended the completion of the Hudson Bay railway I feel that I must say a few words in its defence.

Mr. BROWN: Deal with the Mafeking cut-off at the same time.

Mr. MURPHY: One thing at a time is a very good rule. During the fall of 1931 it was my good fortune to visit the port of Churchill, where I had the privilege of a conversation with the commanders of the boats, the Farnworth and the Warkworth, which carried the two shiploads of wheat from Churchill to the old country. They told me that on their voyage into the bay they experienced no difficulty whatever; in other words it was a very humdrum sort of trip. They simply sailed through the straits into the bay and loaded their ships in the harbour, and I have never heard that they experienced any difficulty on the return journey. The fact that they did not do so is shown by their safe arrival in the old country. I could give more of their conversation, but to do so would be to make an invidious comparison with another port of Canada, and in that I do not propose to follow my hon. friend from Pictou, who has endeavoured to fulfil his desires by belittling another route. Ships have been going into and coming out of Hudson bay for two hundred years or more, and there have been very few failures. It is true that the season is short; it may not be as safe as some other routes, but I would point out to the committee that until the last few years there were no aids to navigation along that route. Now that condition has been rectified, and if one is to believe the two commanders who brought their ships to that port, there is absolutely no difficulty whatever in making that a very navigable route in certain seasons of the year.

May I say here that we Canadians are usually prone to talk about our immeasurable resources and how we may expand this country. Why any one part of Canada should feel that the opening of another port is going to be to the disadvantage of the country rather than to its advantage passes my comprehension. If Canada is the country we think it is, then the development of the port of Churchill will work to the benefit of the whole country. If we are going to adopt in Canada a narrow, provincial attitude and contend that the country can prosper only by the development of one portion or the other, then I am afraid all our prophecies in regard to this country have been made on a wrong basis.

With regard to this government giving sympathetic consideration to the Hudson Bay railway and the port of Churchill, with the Minister of Railways I feel quite safe in saying that this government has not only given sympathetic consideration but has carried to completion the railway and the port, and to-day this route is ready for business. All that is needed is for the shippers to send their goods to Churchill, and they will get to the old country.

Mr. CANTLEY: The last sentence of the minister's remarks contains the whole picture; all that is required is for the people to send their grain through Churchill, and why the deuce don't they? Last year the minister had to go over the country with a fine tooth comb looking for cargoes; the minister did everything and implored everybody to send some grain over that route. Those are the facts, and they can be verified by Hansard of last year. My objection is that the minister proposes to find $2,000,000 this year for Hudson bay but he cannot find a dollar to complete a short section of an eastern route. With regard to my hon. friend the Minister of the Interior, who has just spoken, if he will read up the history—

An hon. MEMBER: Ancient history.

Mr. CANTLEY: —of Hudson bay and its navigation, he will find that in one year out of three the Hudson's Bay Company either did not get their yearly ship into the bay or, if they did get it in they did not get it out. That is a matter of history. The difficulty has not been the lack of aids to navigation; it has been that the port has been icebound, and it will be icebound again. Through the grace of God, or the weather condition last year a condition prevailed that has not prevailed for fifty years, but you cannot count on that every year.

Mr. MURPHY: I think the hon. gentleman must be mistaken when he says we cannot count on the grace of God every year.

Mr. CANTLEY: I think the grace of God is fairly well exhausted as far as helping out the Hudson Bay railway is concerned. About all the dividend we get from that road is the enjoyment we derive in discussing it in this house. Certainly I would not belittle any legitimate enterprise in this country. The east contributed as much as any other section of the country to the development of western Canada, and all I am asking to-day is that a reasonable amount should be spent to complete a road which is now seventy-two per cent completed. The amount for which I am asking is small in comparison with what is being spent to-day on the port of Churchill. That is all I have to say about that. If anyone else wishes to make further remarks as to the navigability of Hudson bay, or to say anything about that part of the country

as a summer resort, I shall be glad to hear him and give the matter respectful consideration. For my part, however, I have made up my mind fairly well, from history I have read as to conditions governing both Hudson bay and James bay, that there will not be very much grain or any other commodities moved out of the port, however much you may spend on it.

Mr. STEWART (Edmonton): Are the connecting links from Elk Point with the Saskatchewan line along the Saskatchewan river in the same category as the other lines? I should be glad if the minister would give me some information with regard to this and also the Coal lake connection. They are two lines I have been greatly interested in.

Mr. MANION: Those are not the names, are they?

Mr. STEWART (Edmonton): I do not know under what names they go, but my hon. friend will remember that there are two projections from St. Paul eastward to connect with the Saskatchewan line going west. Is there any chance of anything being done on these lines this year?

Mr. MANION: I do not recognize the description that my hon. friend gives it. The names of the lines are given here but not under the description he has given. I am afraid I cannot give the information he asks for.

Mr. STEWART (Edmonton): Am I correct in assuming that $350,000 is all that will be spent this year?

Mr. MANION: Yes; that is all that it is proposed to spend at the present time.

Mr. STEWART (Edmonton): I can assume that nothing will be done.

Mr. MANION: My hon. friend can take it for granted that the branch lines are all on the same basis.

Mr. MacMILLAN (Saskatoon): I was interested in the remarks of some hon. members in regard to the Hudson Bay railway. This is not a party question. Both parties are tied up to it and we have spent $50,000,000 of the people's money. I submit that it is our duty to put our best foot forward to see if we cannot make practical use of the railway, instead of condemning it after spending this money on it. I understand from the minister that the amount in the estimates this year is to provide facilities for the loading and unloading of coal, sheds for the covering of merchandise when it is shipped in and out, and other facilities of that sort. It is, I repeat, the duty of every member of this house to do everything possible to make that railway a success. I am not condemning it nor saying that it will not be a real shipping route, but after we have spent $50,000,000 on it we should try to make it a success.

Mr. CAMPBELL: I do not intend to enter into any argument about the Hudson Bay railway. Some years ago we exhausted our oratory on the question and finally both parties were convinced that it should be undertaken. What I wish to direct attention to is the fact that at least two-thirds of the money involved in that project was raised by a tax on western land. I call it a tax advisedly, because homestead land was sold to the extent of $37,000,000 to contribute to a fund used for the building of the Hudson Bay railway. So that it is not all money taken out of the public treasury in the ordinary way.

Section agreed to.

Bill reported, read the third time and passed.

EXPORT OF GOLD

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 45, respecting the export of gold.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

NATURAL RESOURCES

REFUND OF MONEYS RECEIVED PRIOR TO TRANSFER TO WESTERN PROVINCES

Hon. T. G. MURPHY (Minister of the Interior) moved the second reading of Bill No. 64, to authorize the refund of moneys received in connection with the administration of the natural resources.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

SUPPLY—CANNED SALMON INSPECTION

STATEMENT OF MR. NEILL ON MOTION OF MINISTER OF FINANCE

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of supply.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, am I correct in understanding that this is a motion upon which I am not restricted by the forty-minute rule?

Mr. SPEAKER: If the hon. member wishes to debate the motion it is his privilege to do so and if the Speaker should feel he is out of order, he will be obliged to tell him so.

Mr. NEILL: That is not an answer to my question.

Mr. LAPOINTE: The hon. member is not limited to forty minutes.

Mr. NEILL: I know I am not, but I wanted His Honour to say so to prevent my being cut off later on.

The matter which I intend to discuss is in connection with the Department of Fisheries, which has decided to inaugurate in British Columbia a system of inspection of canned salmon. British Columbia is the only province affected by this matter. The salmon canning industry as a whole is in accord with the idea of having canned salmon inspected. This industry is a very important one, last year's catch being valued at close to $17,000,000. There are directly employed in this industry some 12,000 people, and probably as many more are indirectly employed. When dependents are considered, it will be found that something like fifty or sixty thousand people are vitally interested in this industry, and this is my excuse for bringing up the matter.

I believe the idea of inspection is to help the sale of canned salmon in foreign countries, and also particularly in Great Britain. We hope to be able to say to Great Britain: If you will give us a preference we will guarantee you a first class article and demonstrate it by government inspection. With this principle I heartily agree, but I submit that the method proposed to be adopted is a poor one and calculated to frustrate the very object for which it is designed. In this connection two orders in council have been passed, one providing for the inspection and the other constituting a board of inspection. These are numbered P.C. 723 and 724, and these orders in council cause me to consider for a moment the difference between passing legislation and orders in council. I do not think the provisions which appear in these orders in council would have passed the house or the fisheries committee had they been brought down in the form of legislation. I desire to comment on one or two details in the orders in council, and then I shall proceed to discuss my main objection thereto.

Subsection (c) of section 26 of P.C. 723 is comprised of one sentence of 235 words, and consequently it is extremely involved. Among other things it states that certain provisions shall apply only when the salmon is shipped from a cannery or private warehouse connected with a railway, whereas these provisions should apply to all shipments. Another provision of this subsection is that each day's pack shall be identified by code markings. That is a necessary provision, but it should apply to all salmon to be inspected and not only to salmon shipped out of a private warehouse. Another provision is that railway cars loaded at such canneries and private warehouses shall be sealed before they are despatched. Who would ship a carload of salmon valued at from three to eight thousand dollars without having it sealed? It is not necessary to pass an order in council to provide for that, the common sense of the railways and the cannery officials will see that such a car is sealed before it starts on its journey. The provision should be that the car shall be sealed by the inspector, otherwise it is of no use.

I am unable to find any provision to guarantee that the cases inspected are actually shipped. I may be visited by an inspector; he comes into my warehouse and I point out a thousand cases of salmon; he inspects those cases but puts no mark or stamp upon them. He tests a certain number of cans and then tells me I can ship them; he goes away without seeing them shipped and if I desire I can ship five hundred cases of that lot and five hundred cases of a lot not inspected. All that is required is that the cars shall be sealed, and that would be done by the railway officials in any case. Subsection (d) of the same section reads:

> Application for inspection of any parcel or parcels of canned salmon shall be made in writing to the chief supervisor of fisheries for the province. Inspection shall be made as promptly as possible, but the Department of Fisheries shall not be responsible for any delays.

That is entirely too vague; the shipper should have some protection that his goods will be inspected within a reasonable time. A delay beyond a reasonable period might half ruin him. As is known, many of the canneries are much indebted to the banks and they have to finance on a very close margin; yet a man's inspection may be held up perhaps for a week, without any obligation on the part of the government except that they will do it when they feel like it. Of course the provision is "as promptly as possible". I submit that should be within four days.

In the same section is laid down the method of getting the inspection started. The man has to apply in writing to the chief supervisor. Then the chief supervisor, when he feels like doing so, reports to the board of inspection.

The board, when they have spare time from their other duties, because they have other business to look after as they still carry on their own affairs, get busy. After they have made their inspection, they report back to the chief supervisor and the latter reports to the owner. This is a great deal of unnecessary red tape when prompt inspection is necessary. We are trying to accelerate business, not to hold it back.

Then we come to section 29 (d), which deals with the way in which the salmon is to be inspected. There is a different procedure in regard to 100 cases from that in regard to 10,000 cases. The question of cost is not involved, because the cost is so much a case; it makes no difference as to cost per case whether 100 or 10,000 are inspected at one time. This provides that if you take out 100 cases at a time and have them inspected, twelve cases, or 12 per cent, are withdrawn. But if you have 10,000 cases, only ninety-six cases, which is a good deal less than one per cent, are taken out. Then one tin out of each such case is opened. The result is this: if you have 100 cases of salmon tested and inspected at the one time, one tin out of 400 tins will be opened and tested. But if you have 10,000 cases tested, only one tin out of 5,000 tins will be inspected. Why the difference? The quality is not likely to be any poorer if you take 100 cases than if you take 10,000, but in one instance the proportion is one out of 400 and in the other one out of 5,000. I do not think our British friends will consider adequate an inspection based on one out of 5,000 tins. Under the act dealing with canned fruits and vegetables, the inspection is three per cent. Of course I would not for a moment suggest that that proportion should be taken for salmon, because the cost would be prohibitive, but there is a tremendous difference between that and taking one tin out of 5,000.

Section 30 provides the way in which the inspection is to be paid for. It is to be paid for by a fee at the rate of one cent per case, this to be charged by the board of inspection and collected from the owner of the fish. Also in certain cases expenses of travelling and living are charged. I shall deal with that later on, but before I proceed I want to emphasize the point that it is a most unusual and phenomenal procedure that the canner is to pay for the inspection of his products. I question whether under the act there is any authority for this. I think it is section 4 of the Meat and Canned Foods Act which provides that the governor in council may make regulations not inconsistent with the provisions of the act. That is the usual clause. Under that they have taken power to impose a very heavy charge upon the owners of these fish. I question very much and I submit to the minister and the ministry whether that is legal under the Meat and Canned Foods Act, because it is well understood that regulations must be consistent with the act and they cannot make any large and violent departure from its provisions.

As regards section 24, I shall not take time to go into it. It is only a matter of bad drafting, but as it reads at present it does not make sense. I shall say just this, and it will be on record: The words "except as herein otherwise provided" should be struck out at the beginning and inserted after the words "provided that" in the third last line. That deals with all the minor matters, what I would call the technical points in the regulations.

I shall turn now to the requirements of the inspection. We find the first one in regulation 27(a):

> Canned salmon that are found by the board of inspection to be fresh, firm, well packed and in good merchantable condition shall be approved and a certificate in the form attached marked "A," shall be issued therefor.

What do we mean by the word "fresh"? What would the ordinary man on the street mean by the word "fresh" applied to fish? Would it not mean fish that had been anything but canned? I do not quibble about dictionary meanings, because you get various definitions, but the dictionary term is "not preserved by salting or by pickling, canning, etc." How can fish that has been in a can for three months be described as fresh? The language used in the Meat and Canned Foods Act, the original act, is "sound, wholesome and fit for human food," which I think is a better definition. According to the regulation, however, if the board of inspection finds the fish is "fresh, firm and well packed," the canner is given a certificate, the only one granted. No other grade or quality gets a certificate. To that form of certificate, there is a serious objection which I shall deal with later on.

What happens if the fish is not up to the first grade on which a certificate is granted? Section 27 (b) provides that if it is not up to that, but if it is "sound, wholesome and fit for human food," then it can be sold but it is not entitled to a certificate. What is the difference between "fresh, firm and well packed," and "sound, wholesome and fit for human food"? I cannot see much. If, however, the fish comes under the second category, that is "sound, wholesome and fit for human

food," it does not get a certificate but if stamped "second quality" on each tin, it may be sold. It may also be "reconditioned" for re-examination. What does the word "recondition" suggest to our minds in connection with fish in a can? My mind goes back to Upton Sinclair's novel, The Jungle, in which were described conditions, now long past, it is to be hoped, in the packing houses in Chicago. When they came upon a mass or a boiling of meat that was so bad it actually stank, and would not pass muster in any case, they reconditioned it by doping it with benzoic acid or salt petre or some other strong preservative so that it was practically embalmed. An embalmed corpse does not smell and they then sold it as canned beef. Is that what the word means in this case? The word "recondition" is used, and I do not know any other meaning for it. How can we change something that is "sound, wholesome and fit for human food" into "fresh, firm and well packed"? I do not know how you can make canned salmon firm that is not already firm; I do not know how you can change it into being well packed unless you empty the fish out of the can and repack it, which course would be absurd on account of the cost. There is an important point I want to note here: there is in this order in council no provision for condemning rotten fish, let us say, on the first inspection. Only if it has been reconditioned and re-examined and is then found unfit for human food, can it be condemned. Mark you, it is based on that. The man whose fish will not pass first quality is privileged to recondition it. If he brings it up again, and it is then found to be rotten it can at that time be condemned—but only then. That in my view is a foolish regulation.

Section 27 (d) reads as follows:

> Canned salmon that are found after reconditioning and reexamination not to be up to "second quality" shall be confiscated—

An so on. In my opinion it ought to read:

> Canned salmon that are found not to be up to "second quality" shall be confiscated.

It should not matter when the defective condition is found. I notice further that if the fish is condemned the owner cannot sell it for fox meat. On the other hand, however, the government could have it for its own use, or sell it for the use of animals. If it is condemned and put into such condition that it cannot be sold for human food, I think the owner should be in a position to get what he can for it as fox meat.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. NEILL: Mr. Speaker, the order in council No. 723, of which I was speaking this afternoon really provides for only two grades of canned salmon. The first grade is not called No. 1 grade, it is not called first quality. I presume it would be called certificated, because it is entitled to a certificate which declares it has been inspected, and is "fresh, firm and well packed." The second quality is anything under that, which is found to be "sound, wholesome and fit for human food." It does not get a certificate, and it must have the words "second quality" stamped on each tin. The question also arises as to stuff unfit for human food, but I think the department will see the point I made this afternoon and will provide for its being condemned whenever it is seen, whether on the first or second inspection. At present the question only arises if it comes up for re-examination.

We will assume that inspected salmon will fall naturally into those two grades. I will put the two together to make the comparison easier. One is "fresh, firm and well packed"; the second is "sound, wholesome and fit for human food." Now, one of two things is going to happen. These distinctions are so fine that it is almost impossible to distinguish between them. What member of this house who is not familiar with the subject will say which of these two definitions he would prefer as characterizing the best grade: "sound wholesome and fit for human food;" or "fresh, firm and well packed"? If sound, wholesome and fit for human food, it must also be fresh, firm and well packed; and I suppose, inversely, if it is fresh, firm and well packed, it also will be, or should be, sound, wholesome and fit for human food. But I think what he would prefer would be a distinction more explanatory and more likely to come home to the housewife as indicating the better quality of the two grades. But the order in council reads otherwise. The chances are that the two definitions will get so merged in the mind of the inspector, that anything that is sound, wholesome and fit for human food will also pass as No. 1 and get the certificate; in which case you have a very expensive system of inspection which will only be a farce. "What's the use? It is all going to be classified as No. 1." On the other hand, we will suppose the inspector being a very experienced man, with these two definitions—to our minds so little removed from each other—can see a distinction between them; and we will suppose he certifies 20 per cent as being under No. 1, but

nevertheless sound, wholesome and fit for human food. Then this 20 per cent will only be permitted to be sold if it has embossed on each tin in letters of a given size the words "second quality." You will find this in paragraph 27, subsection (c).

I protest against that policy. It will involve a heavy and a very unjustifiable loss upon an industry that is having great trouble at the present time to keep its head above water. Why? Because the wrong word is used. When you use the words "second quality" you simply damn the sale of everything so marked. There is nothing about which the human mind is so sensitive in connection with food as any suggestion that there is anything wrong with it, as fish, especially with respect to tins of canned fish; that it is something a little less than superior, a little less than first quality. You only have to put that idea into the mind of the housewife or purchaser—and you certainly do instil that idea when you mark on the tin that the contents are of second quality—and she says "no." In her mind or that of her husband the suggestion arises of ptomaine poisoning, and everything that that stands for, and they say, "No, even if it is going to cost a little more, we will pay the extra to get the genuine government guaranteed quality." Even the poorest of our people in institutions would object to that "second quality" fish, and if some got the tummy-ache they would blame it on the second quality fish, and you would have a scandal.

This suggestion of second quality appears so much more forcibly in the case of tinned fish than anything else. I think in Great Britain butchers are compelled to indicate that their mutton is frozen New Zealand mutton as distinguished from the home product. The housewife sees the mutton so marked, and she can gauge whether it is of a quality that satisfies her, and very often the only difference is that of price. But in that case she sees it; her eye is her informant, so to speak. Take second grade potatoes. The purchaser looks at the potatoes, it is only a question of cutting off the diseased pieces, no one will be poisoned, it is only a question in the housewife's mind if it pays to buy second quality potatoes. As I say, we use the wrong words when we prescribe this marking of "second quality." Let us take cheese and butter. While they do use figures, 1, 2 and 3, they do not apply the word "quality"; these articles are simply graded 1 and 2 and 3. But there again the purchaser has at least an opportunity of seeing, and sampling what she is buying. But take eggs; you cannot sample them. There are three grades before you come to No. 2—specials, extras and firsts, and then the fourth grade is seconds. There are three grades to sell the better class quality before you come to the second. Then take a another comparison that is most applicable to canned fish, that is canned fruit and vegetables. Regulation No. 15—it is taken out of the same act, Canned Meat and Foods Act—prescribes that there shall be four grades of canned fruits—fancy, choice, standard and second. There again, sir, we have three descriptions not calculated to offend the eye or mind of the purchaser before coming down to the second grade.

It would be all right if we marked this fish "Canada choice" and "Canada standard" the same as fruit is marked. That would give the cannery man a chance to sell a considerable portion of his pack which might be assigned to second quality grade, but the consumer would be absolutely protected because it is not permitted to stamp the container "second quality" unless the fish is found to be "sound, wholesome and fit for human food." What more do they want? Why condemn this commodity with the suggestion that it is second quality, and therefore inferior quality, when "choice" or "standard" would do equally well? It would not penalize the cannery man, and the consumer, as I say, would be absolutely protected.

There is another aspect of considerable danger, not from the point of view of health, but from the success of the inspection system—which is what we are trying to get at, or else there is no use doing it at all. The government certificate says: The contents of this tin have been examined, and they are fresh, firm and well packed. It says nothing about variety at all. There is as much difference between varieties of salmon as there is between hon. gentlemen who sit on the right and the left of you, Mr. Speaker; as much difference as there is between lamb and goat meat. In fact there is more difference than that, and perhaps I might give an illustration to bring it home more clearly. I will not talk about prices to-day, because the price of salmon to-day is just what you can get for it, and that is very little indeed. In the days when salmon was selling on a fair market basis the comparison would be like this: The best brand of salmon, sockeye, would be selling at $19 a case, while the lowest grade, the name of which I will not mention, would be selling for $5 a case or something like that. That gives an illustration of what the market considers to be the difference between certain varieties, both first class in their different

ways. I have authority for that in section 24 of the Meat and Canned Foods Act, which says:

For the purposes of this act the varieties of British Columbia salmon shall be designated, and, if the need for such is established to the satisfaction of the governor in council, graded as provided in the regulations.

The act says they shall be designated. Is that designation to be put on the chicken house or in the family bible? Do you not think the place clearly indicated is on the can itself? It should be designated as being what it really is, and the authority is contained in the act itself. It is true that the government certificate only says the contents are fresh, firm and well packed. The government say they will not go beyond that and will not be bound by anything more, but you must understand the argument that will be advanced by the wholesaler, trying to push his goods on to the retailer, and by the retailer trying to sell them to the housewife. She will be told that the government of Canada is behind that product. This is the argument that will be used: "You cannot go wrong in buying this, because posted here on the shelf is a government certificate which says this is the best you can buy." That is what it will be interpreted to mean, because the housewife will not walk over to the shelf and read it in order to find that it only says the salmon is firm, fresh and well packed. She will take the word of the retailer for it; she will think it is the best salmon because the retailer says so. Then when she gets it home and opens is and finds it to be a lower grade, though still fresh, firm and well packed, what will she think? It will not be what she thought she was buying; it will be the $5 stuff instead of the $19 stuff, and that will lessen sales instead of increasing them. She will say, "This government inspection thing is all a joke; this is not the kind of salmon we have been getting at all." It will be a detriment instead of an advantage.

I might give a true incident out of my own experience, which occurred after I was married and came out from the old country. I suppose we possessed the ordinary intelligence of people of the old country, accustomed to bright red salmon and knowing nothing of the food values of the lower grades. We bought a tin or two of salmon and found the contents, instead of being red, to be a dirty white colour tinged with pink at the edges. I do not mean that it was unclean or that its food values were not comparatively high, but it was a dirty looking product. It looked unpalatable, and we jumped to the conclusion that it was off quality. We were suspicious and very afraid, so we thought we would try it on the cat, that if it did not kill the cat it would be all right for us. It did not seem to hurt the cat at all, but then we remembered that a cat is supposed to have nine lives, and we thought perhaps we had not exhausted them all. If we fed the cat enough salmon to demonstrate on all the nine lives we would have no salmon left; and if the cat then died we would be out both the cat and the salmon, so we threw away the salmon. I have no doubt that being a Canadian cat, and possessed of more sense or at least more knowledge than we had, it went around the corner, dug up the salmon and had a fine time eating it.

That illustrates how a person who knows nothing of the substantial food values contained in these lower grades may be led away. I find on page 36 of a market report issued by the department some months ago the following words:

Retailers express the opinion that the grade and quality of canned salmon should be clearly marked on all labels. It was even suggested that labels should distinguish between early and late pack.

There is some little advantage in the one as against the other.

What is the remedy? It is very simple one. We already have the word "Canada" on the tin, and I would suggest that we put the word "choice" and then the name of the variety. Then we would have on the tin "Canada choice sockeye" or "Canada standard sockeye," whatever the grade might be. There is further authority for that in section 15 of the fish regulations, which provides:

British Columbia salmon when packed in cans shall be designated as follows:

I will not take time to read the five designations which are mentioned one by one. The name of each is given, together with the kind of salmon that may be included under that grade. It is provided elsewhere in the act that British Columbia salmon shall be designated; here is a designation ready to hand, and we only have to use that designation and put one of those five names on the tin, coupled with the word "choice" or the word "standard" as the case may be. Then the housewife will know she is getting what she pays for; she will know she is getting a grade of salmon certified by the government, and she will get the grade that suits her purse and her inclination. If she buys sockeye she will know she is getting the best salmon she can buy, and if she buys one of the lower grades, which some people think

equally good but which are not so nice to look at, she knows she will get the best or second best quality of that particular grade.

We come now to the inspection board which is constituted under order in council P.C. 724. This marks a very unusual departure from custom and everything else. In all our legislation I cannot recall a similar instance. These salmon are to be inspected, and this order in council, together with the one I mentioned previously, provides that the inspectors are to be appointed and paid by the people whose product they inspect. They may come around and condemn $20,000 or $30,000 worth of a man's product, in fulfilment of the duty they owe the government, but they are to be nominated—and that means appointed—and paid by the men with whose business they may possibly seriously interfere. Does that condition obtain in any other industry in Canada? Do the coal operators appoint the inspectors to go around their mines and say, "This is dangerous; you must spend a thousand dollars here," and so on? What would be thought if we found the coal operators nominating and paying the coal mine inspectors? It is the same with every industry. Do you find the poultrymen nominating and paying the egg inspectors? Do you find that in the dairy industry or the canned goods business? In all these cases the government appoints and pays the inspectors. In the old days, when we had the inspection of canneries, which is along the line of what I am discussing to-night, that inspection was carried on by government inspectors selected by the Civil Service Commission and paid by the government, and that work was done free of charge. To those who like to go to the United States for precedents I may say that the United States inspection of canned salmon is carried on by government paid inspectors.

I am not much for precedent; I do not believe in saying that we must adhere to all the practices of the past, but surely when we are making a new departure we should be governed by experience and common sense. These things ought to teach us what to do. In this case we are going to have this mysterious hybrid official appointed to serve the government—that is supposedly his duty—but in reality he is appointed and paid by the canners. I do not know anything else in nature that would correspond to this situation unless perhaps it is a mule, of which it is said that he has neither pride of ancestry nor hope of posterity. Whose servant is the inspector going to be? To whom does he owe loyalty? There is an old saying that he who pays the piper calls the tune. Is not that true? Is it not human nature? If the canners are so anxious to appoint these men and to pay them then I submit it would be far better to leave the matter to them and to call it a canners' inspection. It would be much better to do that because the canners, realizing that the obligation was theirs, would say, "There is no use in our having this system for which we shall have to pay unless we decide to jack up one another so that we can keep up to the mark." But now they have no responsibility, because they can put it on the government, and if they can get by with it, so much the better for them. If we are going to call it government inspection, let us have it really so.

Consider the wholesaler in Britain—because competition is keen—being solicited by one of our Canadian representatives who is anxious to sell salmon. He says, "Buy my salmon because it is government-certificated." Naturally the wholesaler is impressed; and when the agent for Soviet salmon or the agent for Japanese salmon comes along, the wholesaler says, "I prefer to buy Canadian salmon because I know it is certificated by the government and therefore I know what I am getting when the Canadian government is behind it." But the Soviet agent, or the Japanese, says to him, "Quite so; but do you know that these inspectors are nominated and paid by the canners themselves?" Well, what sort of appeal will that make to the wholesaler?

I doubt very much whether it is legal, and I should like to have the opinon of the Justice department on the question. They are putting in the regulations provision for a heavy charge, but there is no power in the act to do so, and you cannot put into regulations something for which you have no authority in the act itself. There is no power to impose a tax or a fine or a charge, whatever you chose to call it. Why pick out this one industry in Canada for a regulation of this kind?

I want to emphasize in all sincerity my belief that the three men recently picked out by the canners and appointed by the government are first class men in every respect. Never on them would fall the least shadow of wrongdoing or suspicion of favouritism. So that I am not objecting at all to the men themselves. But there is a principle involved. We might say that to-day we have a very efficient Minister of Finance; therefore let us pass a law declaring that he shall be Minister of Finance and his children after him; he has never done anything wrong and is never likely to, so that we might make his appointment perpetual. No one would think of such an appointment, and in this

matter the method of selection is equally wrong. These men are brokers. It is provided in the order in council that they must be brokers of ten years' standing, accustomed to handling and selling fish, and the present appointees are O.K. But what about the future? To all intents and purposes these men are political appointees, and does anyone anticipate that forever, down the avenue of time, political appointees will always be as good as these three men? The chances are against it. Remember that these men are permitted to go about their ordinary business; they do not give up their business in order to attend to this work but are allowed to continue the buying and selling of salmon on commission. They are engaged in a brokerage business, and human nature, after all, is human nature. I do not, therefore, claim any superiority of outlook for fishery inspectors over what one would expect to find in the ordinary run of Canadian citizens. They may be a little better inasmuch as they live in British Columbia, where we have a high standard of ideals as compared with the older and more effete eastern provinces. But after all, the people in that province are just as much subject to human influences as are people anywhere else; and I say that the man who is preferred will sooner or later—not to-day but perhaps in years to come—show preference in return. I am not suggesting that he will pass as No. 1 fish any fish which he knows to be rotten; not at all. He won't do that. Indeed, in his anxiety to be fair he might even lean a little the other way and condemn fish which he should not condemn and after all that is just as unfair as passing fish that should be condemned. The irrestible temptation, however, would be for him to give the preference to his friends. Suppose a certain canner has worked hard to get me appointed; when he comes to have his salmon inspected he will tell the chief supervisor, "I should like Mr. So and So to do my inspecting," and being human myself I would naturally give him the preference. Somebody else who had not pulled for me would certainly take second place—and speed means a great deal in these inspections. Even supposing that these men are a combination of the Virgin Mary and the Angel Gabriel, and therefore not open to such suggestions; the fact remains that it leaves the door open to disgruntled people with a grudge—and such people always exist—to say that there is unfairness. Someone would be inclined to say, "If I were a personal friend of the inspector, I could have got my stuff inspected sooner." St. Paul once enjoined us to abstain from all appearance of evil, and you are just inviting the suggestion of favouritism when you provide that the inspectors shall be appointed by the very men whose business they are paid to investigate and possibly condemn, perhaps to the extent of thousands of dollars.

I come now to the method of payment. It is to be a cent a case. The last year of the government record—page 94 of the blue book—shows that there were 2,221,733 cases, which at a cent a case represents $22,000. Now, the board appointed by this order in council is to consist of three men—just three men, that is all—and if you divide $22,000 by 3 it gives them $7,400 apiece. And remember, they are not to be interfered with in the prosecution of their ordinary business. This is just a little extra on the side—$7,400 each. This is one of the complaints I make, and it has been endorsed by more than one canner, that there should not be three but at least five. I do not wish to misrepresent anything. The order in council makes provision for the appointment of two extra men should occasion arise, so as to bring the board up to five. Well, suppose there were five: the $22,000 divided amongst five would mean $4,400 each. Is not that enough, in addition to their ordinary business? Surely it should be sufficient to induce them to undertake this extra work. You must remember too that the season is a very short one, because this work has to be rushed within a few months and it is all-important that it should be done speedily. It may be said that these two men, together with the three present appointees, will constitute the board of five. They do not. The board should be five, it is true, but it is not five, and there is no use drawing a herring across the trail by suggesting that it will be five. The extra two will be called in only should the board, consisting of three, deem it necessary to have assistance. But what I might think necessary when I am in a hurry to get my salmon passed, and what the board of three might regard as necessary under the same circumstances, are two different things altogether; because the board, being paid by the case, will try as far as reasonably possible to do all the business themselves. This is obvious: it is much better to get $7,400 than $4,400. But much of the benefit of inspection depends upon prompt action—at least the benefit to the canners. I repeat, it is a very short season and the inspection must be done quickly. As you know, many of these cannery men are running on close margin; they are being carried by the banks. I have seen a man waiting with a motor car ready, at the very moment that the last case of salmon

was packed into the car and the door shut and sealed—we did not need an order in council to do it—rushing to get the railwayman to sign the bill of lading, and then speeding up to the bank with the bill of lading, to make good a draft that had already been obtained. It is absolutely necessary that there be a sufficient number of men to do this quickly. The government should pay and control the inspectors as it does in other industries. The department was created two or three years ago to foster the fishing industry; it certainly was not created to hurt it. The sales tax has been increased, a duty has been put on tin which has hurt the industry without benefiting the tin man because his factory is in the middle of Canada, so why burden the industry with another $22,000? No other industry has to bear a burden of this kind. In addition to all this, the industry undergoes heavy taxation in other ways, such as licence fees, case taxes, and so on.

I shall deal with the arguments which no doubt will be raised against my contention. It will be argued that the cannery men are agreeable to these regulations, that they were consulted and were unanimous. If a meeting is held of 500 people and they are asked if they are in favour of good government, everyone would say yes, but if you ask them what they consider to be good government, there will be 499 different methods given for achieving that end. That is the situation which exists in this case. There were 60 canneries in operation last year, and I should like to know how many were represented at the meeting. I should like to know if they were really unanimous, because I have certain knowledge that some were not present. They agreed to the general principle, but who would not? There is no doubt it is a highly desirable thing, but there are differences of opinion as to the methods of carrying it out. I could quote the opinions of a couple of cannery men, but I shall not take the time. I have in my hand a copy of the draft proposal made some months ago by the canneries, also a copy of what was proposed and submitted to them and copies of the orders in council which were passed. The three documents do not agree; there is a difference of opinion on substantial points. What is it about which the cannery men are said to be unanimous? Was it their own views, as expressed in their memorial; was it those submitted to them, and which have since been changed, or was it the provisions of the orders in council? The cannery men may not as yet have seen these orders in council, or if they have, it is only just recently.

[Mr. Neill.]

Even supposing the cannery men were unanimous, which they were not, what about it? Two or three years ago this house, the pension officials and the pension commission were all agreed that we had the very last word in pension legislation. We acclaimed the fact that we had at least settled a difficult problem, but what happened? In less than ten months it was found that this was not the last word in legislation, that it did not work out as all of us hoped it would. It is possible to be unanimous about what you do not thoroughly understand, and the cannery men should be given an opportunity to consider this matter. They may be unanimously in favour of inspection, but have they been advised by their lawyers and managers as to the effect of these regulations?

Another argument which will no doubt be used is that even though this may not be exactly right, it should be tried out for a year. This is a new departure, something which we do not make very often, and it should be started right. It will be a lot easier to start right than to retrace our steps later on.

Let me summarize in a few sentences the points to which I wish to call attention.

In the first place, there are too few inspectors to do justice to the cannery men who must have prompt inspection. There are too few inspectors to obviate the suggestion of favouritism. If an inspector condemns a large portion of a man's pack he should have the right of appeal to a board consisting of more than three men. Secondly, the only provision for the condemning of fish is in connection with reconditioned fish which is then seen to be unfit for human food. Thirdly, the words "second quality" should not be permitted to appear on the can, as it would kill the sale of a perfectly good article of food. If this item is insisted on, it will put a heavy handicap upon the cannery men. Fourth, as the government certificate will be taken to mean that the article is of the very best, there may be a misapprehension on the part of the customer. The salmon should be rated as being "standard" or "choice" of a particular named variety, of which there are only five. Lastly, the system of having inspectors appointed and paid by the cannery men should be done away with.

It will be said that this is destructive criticism, but I state again that I have nothing but approval for the principle of inspection. However, I want to see it a workable system, and the cannery men do also. I am quite willing that my remarks in connection with these particular orders in council should be considered as destructive criticism. We do

not need an architect in this case, we need a wrecker. A sound edifice cannot be built on a rotten foundation—let us wreck the rotten foundation and start to build an edifice which will be a benefit to the industry and a credit to the department. The regulations do not go into effect until June 1 and there is time for reconsideration. They should be explained to the cannery men so that their viewpoint may be obtained, and then an effort made to evolve a workable system. If necessary it could be left over until another year has passed. There will not be much bad salmon put up this year because economic conditions will make such a practice unprofitable. You get such a miserably low, cut-throat price for the very best grade that it would never pay to put up a bad grade—you would have to give something away with the tin as well. There is not much danger of the fish not being good quality this year.

I have endeavoured to keep away from any factious or political criticism, I simply want this matter considered. I am glad to see the former minister present in the chamber; he understands the fishing industry, and if he will look into the matter I shall be satisfied with his decision.

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

INDIAN AFFAIRS

To provide for expenses connected with the administration of Indian affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc., and a grant of $100,000 approved by parliament in the session of 1926-27, $3,873,000.

Mr. POULIOT: Mr. Chairman, I shall not take up much of the time of the committee, but I have a little story to tell. The incident to which I shall refer after three centuries of so-called civilization, is almost as cruel and appalling as those which took place during the days of Indian warfare. I do not intend to be hard upon the minister because he was kind enough the other day to give me some information, but it is my intention to try to prevent a bad appointment being made by the Civil Service Commission. I refer to the appointment of an Indian agent at Cacouna. On September 23 of last year the following letter was sent to the department, addressed to the minister:

(Personal.)

My Dear Sir:

I herewith enclose a sworn declaration signed by Mr. Omer Dube, ex-candidate in the last provincial election, who complains of political interference on the part of Mr. Jos. Berube, agent for the Indians, at Cacouna, Témiscouata county.

Would you please be good enough to authorize an investigation to be held as to this man's conduct during this last election.

Mr. Alphonse Garon, advocate of Rimouski, is appointed investigator for this district for these cases.

With thanks for your kind attention, I am,

Yours respectfully,

Chas. Eug. Dube.

There is no other letter from that gentleman in the returns tabled in the house. The files have been carefully combed and conscientiously weeded, and following the example of one of the most famous naturalists, Cuvier, who with a single tooth of a prehistoric monster reconstituted its skeleton, I shall try to do the same thing with this case. I wonder if the minister will be kind enough to let me see the original of the letter which was signed by the gentleman and which appears on the file. I hope he will have no objection to doing so later on. With that letter is sent this affidavit, which is very curious:

Riviere du Loup,
September 10, 1931.

I, the undersigned, Omer Dube, of Cacouna, solemnly declare that on the 9th of August, while I was candidate in the provincial election contest—

Note those words.

—I saw Joseph Berube, Indian agent at Cacouna, indulge in political partisanship, and he has even, to the knowledge of a great number of electors at St. J. B. of Isle Verte, with other persons upset the hustings on which I was, as candidate—

Note those words.

—addressing the crowd which was present.

(Sgd.) Omer Dube,
Ex-Candidate.

Sworn before me—

And so forth. Note this again, Mr. Chairman: he called himself a genuine Liberal candidate. It was in virtue of an affidavit given by a so-called Liberal candidate and transmitted to the department by a well known Conservative candidate that the investigation was ordered. But the real fact is that this man has never been a candidate, either Conservative or Liberal, because he has never made in any election the deposit required by law. This is the only publication that he issued during the last provincial election. I am sorry I have no English translation, but I shall read it in French and I am sure the hon. member for Labelle (Mr. Bourassa) and all those who understand French will have a hearty laugh at it:

To the electors of Témiscouata North. I have the intention to canvass your votes as a

candidate in this county. Last Sunday, at St-Jean-Baptiste de l'Isle-Verte, I was stoned, pelted with stones, so much so that I ascended to Heaven like Elijah in his chariot of fire; until suddenly, I was crowned by the sun's glorious rays, likewise shall I be crowned at sunset on August 24.

I give warning to my opponents that I shall carry on an honest and courteous fight.

Awaiting the evening of August 24.

J. P. O. Dubé,
Straight Liberal Candidate,
Cacouna.

The fact is that he was not a candidate at all. The matter was taken very seriously by the department, and the private secretary to the minister wrote to the Deputy Superintendent General on November 20, 1931, that ample time should be given Mr. Dubé in order that he might make arrangements for the attendance of witnesses and the holding of the investigation. He said:

I am enclosing the letter addressed to the minister by Mr. Dube, as well as an affidavit completed by Mr. Omer Dube. These may be helpful to the commissioner.

A euphemism for "executioner." He went out with a tomahawk and he was on the warpath. Then the deputy minister writes to the minister that time, not ample, should be given to make the investigation. I am very sorry that the minister acted on the letter that was sent to him, because a man who has not made a deposit in an election is not a candidate. The investigation disclosed some very amusing things. First of all, it was held on December 4, 1931, and a witness said that the agent had discussed politics in favour of the Liberal party with another person in the store. The agent at the same time is a chauffeur. This will explain something that comes immediately after. According to a letter that I received from his attorney at the investigation, what he spoke about when he discussed politics was a conversation about the price of butter during the election of 1930. If he was wrong then, I do not see why the Prime Minister and all his supporters should not be impeached. If it is a crime to speak of butter, that is perhaps the reason why all the Conservative members were silent while the butter provision was placed in the New Zealand treaty the other day. Everything has an explanation. Apparently it was a crime for him to say that the price of butter was low, but he was only repeating what the leader of the Conservative party had said on every platform in this country. He was blamed for something else, for having made a bet on the result of the election. This was in 1926 and the bet was made after the poll was closed so that it could not have influenced any voter. Someone had offered to bet and he made a bet, but the poll was closed. As I said, the man was a chauffeur and they blamed him for having driven a voter on the polling day to Bic, in Rimouski county. He was asked by the father-in-law of the voter, who was a Conservative, to drive his son-in-law to Bic in another constituency quite far from there in order that he should not be in Cacouna, Temiscouata county, on the polling day. No one could blame him for that. As a chauffeur he was paid for the trip; nevertheless he was accused of political partisanship on that account. He was simply earning money.

Then there is a complaint from the so-called Liberal candidate who was supposed to have gone to heaven. I cannot say, whether, according to the circular I have just read, he was supposed to go to heaven like the prophet Elijah, when they raised the hustings which fell—a very unfortunate incident. In the report of the investigation there was a note that I find in every report of Mr. Caron, the investigator, to the effect that the accused man did not think fit to make himself heard; so he was guilty. That is contrary to all principles of British fair play and justice.

I have something to ask the minister and I am sure he is fair enough to give me a favourable reply. That investigation took place in the month of November, and on January 13, the Deputy Superintendent General of Indian Affairs wrote thus to Mr. Bérubé:

I beg to advise you that under the authority of an order of His Excellency the Governor General in council of the 8th instant, your services as Indian agent, grade 2, Cacouna agency in the province of Quebec, are dispensed with on account of political partisanship. I wired you to-day to this effect.

Yours very truly,
Duncan C. Scott.

Another letter was sent to him bearing the same date, January 13, as follows:

Dear Sir:

With further reference to my letter to you of to-day advising you that under the authority of an order of His Excellency the Governor General in council of the 8th instant, your services as Indian agent, grade 2, Cacouna agency, Que., are dispensed with, I have to say that the order in council states that they are dispensed with as from the first day of January, 1932.

It had a retroactive effect; it was like the Unemployment and Farm Relief Act—peace, order and good government. He acted as agent until the first of February, at which time another appointment was made. Very naturally he asked for his salary for the month of January. Then, on February 13 Mr. A. F. MacKenzie, the secretary of the department, wrote as follows:

In reply to your letter of the 6th instant, I beg to refer you to letter of the 13th ultimo,

and to say that as order in council No. 3 of the 8th ultimo states that your services were dispensed with as from January 1, 1932, the department cannot pay you salary for January.

That, of course, was too late for a Christmas gift. What is due, however, should be paid, and I am now asking the minister if he will be kind enough to see to it that the salary for the month of January is paid. At a later time I shall have something further to say.

Hon. T. G. MURPHY (Superintendent General of Indian Affairs): Mr. Chairman, I do not know whether the hon. member has completed his remarks in regard to this matter. In reply to his question concerning the salary, I may say I know of no provision whereby Mr. Berube can be paid a salary for the month of January when the order in council dispensing with his services was passed to take effect December 31, or January 1.

Mr. POULIOT: Mr. Chairman, I am very sorry, but I shall have to continue my remarks.

An hon. MEMBER: So am I.

Mr. POULIOT: Well, you may as well take it with a smile. Then followed some correspondence between the deputy minister and the Civil Service Commission asking for the advertisement of the agency. Finally, on February 9, posters were sent out, and on the same date the secretary of the Civil Service Commission wrote to the deputy minister as follows:

It will be appreciated if you will have this competition brought to the attention of any temporary employee who may desire to compete.

The answer of the deputy minister on February 10 was as follows:

I beg to advise you that pending a permanent appointment in the position, Indian agent, grade 2, Cacouna, Quebec, as a result of the competition now pending, it has been necessary to employ an agent temporarily as the services of Mr. Berube, were discontinued immediately on receipt of order in council P.C. 3 of the 8th ultimo. We have engaged Mr. Alexis Michaud under the thirty-day clause. His services began on the first instant. I am enclosing his application also requisition, and would ask that you issue a temporary certificate in his favour.

On February 12 the deputy minister again wrote to the Civil Service Commission as follows:

I beg to advise you that we are informed by Mr. Alexis Michaud who is now temporarily employed as Indian agent, Cacouna agency, Quebec, that his is desirous of being a candidate for permanent appointment. As I know that the applications are received by you up to the 22nd instant and it may not be possible for him to fill an application before that date, it is desired that the application forwarded you with my letter of the 10th instant requesting temporary certificate for him, be transferred to the competition.

It does not appear that after that any application was sent by Michaud to the Civil Service Commission. Michaud's first application, including the signature, was in handwriting, and was declared at Cacouna on January 15, 1932, before the mayor of Riviere du Loup. The document may have been declared worthless by the department, because all in the department know that although municipal officials may have jurisdiction to act as justices of the peace, they cannot so act outside of the municipalities in which they are mayors or councillors.

An answer to one of the returns gives the following information:

When competition 21818 was advertised Michaud entered application with the Civil Service Commission.

He made that application on January 15, and on February 9, three weeks later, the position was advertised. The right answer to the return would have been:

After the competition was advertised Michaud entered his application.

And not—

When the competition was advertised Michaud entered his application.

That application was received at Ottawa by the Civil Service Commission on February 18, 1932.

The second application, a requisition for temporary employment, was sworn to at Riviere du Loup on January 21, 1932, before the same gentleman who made the recommendation to the department. It was forwarded by the Deputy Minister of Indian Affairs to the secretary of the Civil Service Commission, together with a covering letter dated February 10, 1932, which I have read, and which was received by the Civil Service Commission on February 11, 1932.

I am sorry the Postmaster General is not in his seat, but I should like to say that an application was made on January 15 and was received in Ottawa only three weeks after, or on February 18. It seems to me that is a long time for a letter to come from Cacouna to Ottawa. It would take no longer for a letter to go to the south pole or to the ends of the earth. Usually the service of the department of the Postmaster General is much better than that. The other application took more than a fortnight to reach the Civil Service Commission, namely, from January 21 to February 11. There is something very strange about this affair. The fact is that the temporary certificate for Michaud was sent by the Civil Service Commission on February

29, and had a retroactive effect to February 1. Bérubé could not be paid, although he was informed only in the middle of January, and had received no notice from the department before the middle of January, that his dismissal had taken effect. Until the end of the month he had to fulfil his duties as Indian agent, no other appointment having been made. The circumstances in the case of Michaud are somewhat different. The certificate was issued on February 29 for the month of February and also for the month of March. It would seem that he was luckier than the other chap.

I asked the following question:

On whose recommendation did the Superintendent General of Indian Affairs temporarily appoint Mr. Alexis Michaud as Indian agent at Cacouna, Quebec?

The answer to that question was:

Mr. Michaud was appointed as temporary Indian agent at Cacouna on instructions of the Superintendent General of Indian Affairs.

I was under the impression that he had been recommended by someone who had known of the vacancy before it was advertised. To my great surprise I received a few days ago the following letter from the gentleman who had sworn to Michaud's application. It is as follows:

Vous auriez mieux fait de m'écrire et je n'aurais eu aucune objection à vous renseigner.

The English would be:

You should have written to me, and I would have had no objection to giving you the information.

This communication was signed by the gentleman who has the patronage for the Tory party in my constituency. When I asked for information the minister hesitated in giving it to me. As a consequence I would have to write to Riviere du Loup, to that gentleman, to get the information my good friend the minister is supposed to supply. I should think, after the letter I sent to the minister, he would have had no objection to making me familiar with the whole case.

I asked for a copy of all the correspondence, telegrams, petitions and applications exchanged between all persons of Temiscouata county on the one hand and the ministers and officials of the federal government on the other since August, 1930, about the position of Indian agent at Cacouna. The return was brought down containing no papers from Temiscouata with the exception of the applications forwarded to the Civil Service Commission. The report of Mr. MacKenzie, the secretary of the Department of Indian Affairs, reads as follows:

March 30, 1932.

As requested I visited Riviere du Loup early in March and interviewed four candidates for the position of Indian agent, Cacouna:

John Dunnigan,
David Lebel,
Alexis Michaud,
Cleophas J. Sirois.

These men all have fair qualifications, are of good standing in the community, and it is really hard to make much distinction.

This is very nice. It sounds like honey, maple syrup and Gobeil's preserves.

The present incumbent, Mr. Michaud, is in my opinion qualified to carry on the work; in fact he has done so with reasonable satisfaction since February 1st.

Reasonable satisfaction is something less than ordinary satisfaction, but it has been so drafted probably because he had been appointed agent temporarily.

The Indians, however, object to his appointment on the ground that he lives about two miles from the village.

The Indians had to wear their moccasins and snowshoes to visit him two miles away; on the other hand, it was quite troublesome for him to go down to the village in his feather headdress, wearing his wampum belt and all the insignia of his great office.

I might also say that his knowledge of English is very limited; the other three candidates are much more competent in that respect. I do not know, however, that this might be considered much of a drawback as the locality is distinctly French-Canadian. Mr. Michaud found it necessary to speak to me through an interpreter, not being sure enough of his English.

He is the only man against whom there are any serious objections, because, as Mr. MacKenzie says, the other men are all "of good standing in the community, and it is really hard to make much distinction." The whole trouble is that the worst man has been appointed temporary agent, and this is what I protest against. I have no interest in the matter, because nearly all four candidates heckled me at my meetings and voted against me. I stand up to-night for the public interest in order that the Indians may be well looked after, and this can only be done by choosing the best man for the position. But may I tell the minister that the appointment will be temporary, because I take this opportunity of advising him and his colleagues also that with respect to all those whom they have dismissed for what in their eyes is the mortal sin of political partisanship I will see to it that in

some way or another they are reinstated when my party comes into power again. So the "permanent" employee will be only a temporary employee until after the next election. Mr. MacKenzie continues:

Mr. Sirois would be a very competent man but he runs an hotel during the summer season and there is objection on this score.

The trouble is Mr. MacKenzie says that Mr. Sirois runs an hotel during the summer season, while Mr. Sirois himself says that he ran an hotel in years gone by. He contends there is no objection now because he is no longer in the business. In fact in his statement he says he was glad to employ Indian waiters while he was keeping an hotel. It gave a picturesque touch in the old days when he was doing so well as host. Mr. MacKenzie adds:

He is also away considerably during the rest of the year in his capacity as a commercial traveller. This absence accounts for his not signing his application for the position, it having been prepared in his absence by his wife.

He speaks very good English, and his wife also speaks very good English. She could very well look after the Indians while he is away.

An hon. MEMBER: Are they Conservatives?

Mr. POULIOT: They are all good Conservatives, so my choice would be very embarrassing. I am not blaming the minister. I am confident he does not know the qualifications of the man he appointed. He was simply recommended to him without any reason at all. Now, there is another good man:

Mr. David Label would be quite competent and lives near the village. His father was a former Indian agent. He has a good command of English and French and knows the Indians well.

Well, if it was not his father it was his uncle; anyway, it was in the family. If he gets the job the wampum belt will come back again as a family trophy. Here is something in the report that I regret very much. Mr. MacKenzie says:

Mr. Dunnigan did not impress me so favourably. He has had little business experience.

Mr. Dunnigan is a studious gentleman and is familiar with French and English. He writes and speaks both languages well, and in fact he is a perfect bilinguist.

Mr. COTNAM: Is he a Tory?

Mr. POULIOT: Yes, he is a Conservative, and the next time you see him you will like him. He is a very nice gentleman for whom I have great respect. I like him a little more than my hon. friend from North Renfrew (Mr. Cotnam) because he is not so noisy; he is a wise and undemonstrative gentleman. Not one of these gentlemen voted for me. Mr. Dunnigan is a good man; Mr. Lebel is a good man; Mr. Sirois is a good man; Mr. Michaud is not a good candidate. Unfortunately the one chosen does not speak English and is also objected to by the Indians, because he lives too far from them.

The last paragraph of Mr. MacKenzie's report is very strange:

My recommendation would be in favour of either Mr. Michaud or Mr. Lebel.

There are three good men and one bad man, and one good man and the bad man are recommended while the other two good men are left aside. I cannot understand that. If Sirois, Lebel or Dunnigan had been recommended, I would not have spoken to-night, but instead of that Michaud was recommended.

Now let us take up the Civil Service Commission. I suppose they have read the file, but they have not seen Mr. Sirois, Mr. Lebel, Mr. Dunnigan or Mr. Michaud. Having seen them, the secretary of the department says that the two best men are Mr. Michaud and Mr. Lebel. This is unfair, and I hope the minister will see to it that either Mr. Sirois, who is very well qualified, or Mr. Lebel, who told a little fib in saying that his father was a former agent, instead of his uncle, or Mr. Dunnigan, of whom it was wrongly said he had little business experience, is chosen by the commission on the recommendation of the department. May I say here that I regret very much that no representative of the Civil Service Commission examined these men. All they had to go on was the recommendation of the department. Mr. MacKenzie stayed at the Victoria Hotel, near the station in Riviere du Loup, and the candidates had to meet him there. I wonder if there was not a nigger in the Indian woodpile, who then said to Mr. MacKenzie, "Give a chance to Lebel, who is my most intimate friend. The others will not know that I have recommended him, and the minister is very discreet. He does not leave many letters in the files coming from Temiscouata county. I can trust him, and I think I can trust you to give a chance to my good friend Lebel, even if it is at the expense of the others. They will know nothing about it, and the Civil Service Commission will be blamed for making the appointment. I can say to Mr. Dunnigan or Mr. Sirois that I regret very

much that they cannot be appointed, but I can say the Civil Service Commission appointed Lebel." I do not state that to be what happened, but I think that is the presumption.

An hon. MEMBER: Carried.

Mr. POULIOT: Let me state what I want carried. To sum up, here we have an Indian agency. The former agent was dismissed after an investigation, on the sworn affidavit of a so-called candidate, a gentleman who really has not been a candidate in any election in this country since confederation, and who is much too young to have been a candidate at the time of confederation. In the first place the investigation was not justified, but when it did take place what was discovered? It was stated that the former agent had made a bet, after the polls were closed, which could not have influenced any voter, and as a matter of fact he was provoked to do so by one of the candidates. Then it was stated that he talked politics, that he said the price of butter was low. Perhaps he said that to a farmer who wanted a higher price for his butter. That was held to be political partisanship. Then it was said he acted as chauffeur and drove a Conservative voter to another constituency. He was paid for his trip, but he was blamed for that. Certainly those were not good reasons for dismissing him. He cannot be reinstated now until after the next general election, but in the meantime I have great sympathy for the poor Indians. They must be looked after by someone who is able to speak both languages, and the agent must not live too far away, otherwise the Indians will wear out their moccasins and the department will find it very expensive to buy new moccasins and new snowshoes all the time.

An hon. MEMBER: Carried.

Mr. POULIOT: No; I have not yet stated my case. The minister is fair minded and I know he has been deceived. If he had known what I have been telling him I am sure Michaud would not have been appointed temporary agent. But I did not want to impose on the minister by recommending anyone, and in any case it is not my duty to do so. What I want to-night is to prevent the minister from making another faux pas. I cannot be more in favour of one of the candidates than another, because according to an official of the department, three are good and Michaud is not so good. To sum up, I wonder if the minister would be kind enough to let me know if the appointments will be made soon by the Civil Service Commission, and if he would be favourable to either Mr. Sirois, Mr. Dunnigan or Mr. Lebel rather than Mr. Michaud?

Mr. MURPHY: The hon. gentleman asked as to the appointment of the agent, but a sentence or two before that he stated that the appointment was made by the Civil Service Commission. He should direct his question to the body who will make the appointment.

Mr. POULIOT: I will send them a copy of Hansard.

Mr. VENIOT: I wish to direct the attention of the minister to one or two matters having to do with Indian reservations in the province of New Brunswick. The first case to which I would direct attention is that of Burnt Church, in Northumberland county, where a change was made in December of 1930 in the person furnishing supplies to the Indians. At that time supplies were furnished at a point within a mile or so of the reservation. Now the Indians have to travel twenty-five miles for their supplies, and I wish the minister would look into that matter.

The next complaint that has been sent to me with regard to the Indians has to do with Big Cove, in the county of Kent, where formerly the Indians obtained their supplies within a mile of the reservation. They now have to travel nine miles, and it is a hardship because these Indians have no horses. In some cases they have to hire horses in order to get to the store where the supplies are given out. I have in mind the case of one Indian whom it cost $12 during the winter to get his supplies. The store at Rexton, where the Indians obtain their supplies, will not send in those goods, according to my information, unless they have a large order which will warrant their sending it in by team. This should not continue. These Indians should not have to pay their own money, especially in these hard times, to get supplies to their homes. I know it is not the intention of the department and I wish they would look into the matter. Another point to which I would direct the attention of the minister and ask for some explanation is this. I put a question on the order paper asking what firms had sold supplies to the Department of Indian Affairs for Indian reservations in the province of New Brunswick in 1930-31. The department laid on the table a reply giving names for 1930-31 and I find on page 4 of the return that the name of Howard Brothers Limited appears as having supplied the Indians in 1931.

Mr. MURPHY: What is the name?

Mr. VENIOT: Howard Brothers of Sussex. A letter from Messrs. Howard Brothers to me states that they gave no supplies in 1931. The last they gave were in August 1930 and they were then notified that they would no longer be required to furnish supplies. They got their cheque for the August supplies in September, but they appear on this list as having supplied in 1931. I would ask the minister to look into this matter. Perhaps it is an error in copying, but at any rate they requested me to bring the matter to the attention of the minister and I replied that I would do so when the estimates were under consideration.

Mr. NICHOLSON: This item now before the house provides for expenses in connection with the administration of Indian Affairs, including salaries, supplies, relief, medical attendance, hospitalization, and so forth, and there is a reduction of $853,600 as compared with last year. I am wondering whether, in making up this estimate, the department is fully alive to the condition of the Indians in a large part of the country. I speak particularly with regard to the Indians on the great lakes between what is recognized as the Ottawa river district and the boundary line of Manitoba. In this regard, I would say that unless some steps are taken and taken at an early date to provide the Indians with some means by which they can earn their own livelihood, then every Indian in that entire district will have to be provided for in food and clothing. Last year I called the attention of the minister and of the department to what I considered to be the necessity for some arrangement being made between the federal department and the provinces by which the right of the Indians to the natural means of earning their living—that is, taking furbearing animals—would be restored to them.

For more than forty years I have watched the development of the Indians throughout that great country and have noticed a gradual rise in their standards of living, up until perhaps eight or ten years ago, since when they have been virtually driven out by a class of white trapper who has no regard for any law that any government can place on the statute books with regard to the conservation or the preservation of animal life in this country, until the Indian has been reduced to absolute pauperism. That is particularly true during this period of economic stress, when it is impossible for the Indians to get employment as guides or in ordinary vocations in the woods or with mining companies or anywhere else. They have been deprived of their own natural means of livelihood and they cannot compete with the white man in the only available avenues of ordinary work now open to anyone. Consequently, unless some steps are taken and taken quickly to provide them with some opportunity to make their own living, the department is faced with two things: Either they will have to watch the Indians starving to death or they will have to provide completely for their sustenance and clothing.

It is impossible to describe the desperate condition some of the Indians are in throughout that country. I cannot speak of other parts of Canada except from what I have gathered from persons with whom I am associated in connection with some of the work carried on amongst the Indians. But in all that country designated as northern Ontario and the watershed of Hudson bay, the Indians have now been reduced to such a state that the Department of Indian Affairs must do something for them or they will starve. They are going down and down. The inroads of tuberculosis, to which they are naturally subject, especially in their present undernourished condition, are so great among them that the Indians will disappear; and as I have said on one or two occasions in this house before, if there is any class of people anywhere for whom the Canadian nation is responsible, it is the native races of this country. I therefore urge upon the minister that a vigorous, determined effort be made without further delay to arrive at some arrangement between the federal government and the provinces, by which the Indians will have restored to them the exclusive right of taking fur-bearing animals.

Having given a lot of thought and study to the question, I say that the matter of conservation in relation to the fur-bearing animals and game birds of Canada will be at once provided for if the Indian is left in his inherent right of taking the fur-bearing animals in that country. There will be no such thing as wiping them out, as the white trapper does, going in with dynamite and other instruments which serve to destroy the sources of supply. The Indian will conserve the fur-bearing animals and the game birds and animals of the country if he is allowed exclusive jurisdiction and is given his natural, inherent right in this regard. That is the only thing the Indians have left to them, and surely we can provide that they be given that right.

Mr. MURPHY: The hon. member has mentioned a very real problem in the administration of Indian Affairs. Prior to the building of the Transcontinental railway the Indians inhabiting the northern parts of Ontario and Quebec subsisted, as their ancestors had

done, on the products of the chase, and after that railway was built the Indians came from the northerly districts down to the railway and overcame, to a certain degree, their fear, shall I say, of the white man and his civilization, and increasingly they have made their homes along that line of railway. In addition to that, the railway provided necessary facilities whereby the white man who was interested in trapping could gain easier access to that country. Latterly the development of airplane transportation has made it that much easier for the white man to enter that district and denude the country of its game, the natural supply of food for the aborigines.

The hon. member has said that we should take steps to see to it that the natural, inherent right of the Indian to pursue game in these areas should be his. But may I point out to the house that that area is under the jurisdiction and control of the provinces of Ontario and Quebec, and that the dominion government have no jurisdiction over it, through the Indian department, except as regards those areas which have been set aside as reserves for the Indians, on which they may live and carry on their natural vocations. The department is fully alive to the seriousness of this question. It has not neglected the interests of the Indians, because hospitals have been built at various points along that railway and large sums of money are paid out annually for the maintenance of residential schools for Indian children.

With regard to the preservation or conservation of game, I am happy to be able to tell the committee that during the past winter the province of Quebec passed an order in council which virtually sets aside all that area north of the Transcontinental railway for the exclusive use of the Indians for trapping. At the present time a game commission in Ontario is inquiring into the preservation of game in that province. It may be, and we hope it will be, that that commission's recommendations in connection with the area north of the Transcontinental railway will follow the example set by the government of Quebec. If that is done, no doubt the Indian will be able to take care of himself just as well as did his forebears. The department is faced with difficulties in connection with this part of the country comparable only to the conditions which exist to a lesser degree in the Northwest Territories. I am not prepared to say whether or not the department has been pursuing the right course, but I am prepared to say that it is the policy of the department to endeavour to put the Indian in a position where he can stand upon his own feet and provide himself with the necessities of life.

Mr. NEILL: Has the department made any progress in getting the British Columbia government to carry out the bargain entered into in connection with Indian reserves? I understand an agreement, called the McKenna agreement, was entered into, either in 1917 or 1919, which settled a long-standing dispute with British Columbia. A new survey was to be made of the reserves; where it was found a reserve was too large for the use of the Indians, a certain portion would be given up, and in other cases where fishing sites and the like were needed, extra reserves were to be provided. When this had been done an agreement was entered into with the province of British Columbia under which that province was to deed in fee simple to the dominion all Indian reserves, suspending what is known as the reversionary rights. It was agreed that after that was done the Dominion government would have the control of these reserves and if it should happen that the Indians did not need them, they could be sold, a reasonable arrangement being arrived at as to the disposition of funds so acquired. The disposition of reserves not required was also agreed to.

Many of these reserves were in out of the way places, making the survey difficult, but I understand, that it has been completed for some years and the Dominions government is having difficulty in getting the provincial government to implement its bargain and deed over these reserves. In some cases the Indians want to sell their lands; in other cases the lands are needed for public purposes but everything is being held up because the provincial government seems to be either unwilling or unable to deed over these reserves. Is there any prospect of bringing this matter to a head?

Mr. MURPHY: Some years ago a commission was appointed to inquire into this matter and a report was made whereby certain reserves were contracted in size while others were enlarged. A survey was made following the recommendations of the commission, and that survey is on file. In order to convey undisputed title of these reserves to the Dominion government in trust for the Indians, it is only necessary that an order in council be passed by the British Columbia government.

Mr. NEILL: Why don't they do it?

Mr. MURPHY: That question should properly be addressed to another quarter. For the information of the hon. member I may say that negotiations with British Columbia are now in progress and have been for some time, but up to date they have not been successful.

Mr. REID: Mr. Chairman, I should like to refer to a matter in connection with Indians which affects the people of British Columbia, and perhaps affects the people in other provinces. Reference has been made at various times to the fact that the Indians are in a destitute condition, but I intend to refer to the Indian who might be considered as well off. There are some Indians in British Columbia who might even be considered rich and who in many ways have copied the white man, especially in the ownership of motor cars. Many of them have discarded the now ancient pony and have taken to the motor car. Many of these Indians are careless in driving and accidents have occurred where other cars and persons have been damaged. The Indian, being a ward of the government cannot be sued in the courts, and I should like the minister to give some attention to this angle of this question.

Mr. MURPHY: This is the first occasion upon which this matter has been brought to my attention, and I shall be pleased to give it every consideration.

Mr. REID: This matter was brought up last year at the farmers' institute, and I was sent a copy of the resolution passed at that meeting and again at the meeting this year. The feeling is that the Indian is allowed to go free while the white man can be sued.

Mr. HOWDEN: I fancy there is no part of Canada where the Indian is more seriously pressed, particularly in the winter time, than in Manitoba. In the original treaties made with the federal government, I think at the time of Lord Selkirk, the Indian was given certain reserves in which to hunt. As these reserves were released for settlement purposes, other parcels of land farther back were provided, and at the present time the Indian is located far away from civilization. Unfortunately, the game had been pretty well cleaned out in these districts. Under the original agreement with the government the Indian had the right to hunt at all seasons of the year not only on his own preserve but on all crown lands, but since the natural resources have been returned to the western provinces and the provincial game laws are extended to crown lands, the Indian is prevented from hunting thereon. There is no doubt that the Indian is faced with many hardships but as the hon. member for East Algoma (Mr. Nicholson) has said, he would be able to keep himself fairly well if he were permitted to hunt over all crown lands as well as over his own reserves. As the situation is now, the government of Manitoba, and I presume, those of Saskatchewan and Alberta, have game laws which protect these crown lands so that the Indians have not an opportunity to hunt on them. It would be a matter well worthy of consideration for the minister to see if he could not obtain a licence for the Indians to hunt on crown lands, because that would go very far towards relieving their condition.

Mr. MURPHY: The hon. member for St. Boniface says that in the original agreement or treaty entered into between the dominion and the Indians they had certain rights to hunt on crown lands as well as on the reserves which had been set apart for their use. But the natural resources agreement which was entered into between the dominion and the three prairie provinces, if I am not mistaken —and I speak subject to correction—contains a clause under which at the present time an Indian has a right not only to hunt on his reserve but also to take game at any season of the year if he requires it for food for himself or his family. The hon. member shakes his head, but I have the natural resources agreement in my room. I am going to ask a messenger to get it, and I shall read the clause.

Mr. BEAUBIEN: Only for food.

Mr. MURPHY: I said for food. Therefore my statement is correct. That is the point I understood the hon. member for St. Boniface was making. Thus the rights which the Indian had at the beginning are now increased because he may take that game wherever he finds it if he or his family require it for food.

Mr. HOWDEN: I may be in error but several bands in Manitoba from time to time have appealed to me; I have had occasion to take the matter up with the provincial government following the transfer of the natural resources and if I am not mistaken, Hon. Donald McKenzie, Minister of Mines and Natural Resources of that province, gave me to understand that the provincial game laws would apply and the Indians would not be permitted to hunt.

Mr. STEWART (Edmonton): Would be permitted to hunt for food.

Mr. HOWDEN: I am afraid some of those Indians unfortunately are not aware of that fact. I know they have been stopped by the game wardens when they were hunting for food on crown lands.

Mr. STANLEY: Recently in the Calgary police court an Indian was proceeded against under the provincial game act for killing game. Judgment was rendered against him, and I believe an appeal has been entered. So that in one instance at least judgment has been given against an Indian for shooting game on crown lands.

Mr. HOWDEN: I know several instances in Manitoba where Indians have been put in gaol.

Mr. GARLAND (Bow River): So far as hunting by Indians is concerned, I presume hon. members are speaking of exclusive right, because my experience in Alberta is that they hunt over any land they feel inclined to hunt over, until they are put off.

I should like to ask the minister why he has so completely and radically altered the form of his estimate this year. At page 49 the total amount to be voted is given in one lump sum, $4,107,000. Last year the estimates were spread over two and a half pages, carefully itemized by provinces, so that a member interested in one or more provinces could see at a glance what the expenditures were and with a certain degree of detail. My first question is: What is the reason for this change?

Mr. MURPHY: There is no particular reason for the change other than it makes the record more complete. I can assure the hon. member there was no ulterior motive in making the change from the former method. It has to deal with all matters pertaining to the Indians, and any member who has a question he wishes to bring up may discuss it as fully under the item as it stands at present as he could have done formerly.

Mr. GARLAND (Bow River): I am quite sure there is no ulterior motive in the mind of the minister, but if the item is voted in this lump sum there is no definite destination directed by parliament. Therefore the department will have the power to swing the entire $3,000,000, or the bulk of it, within certain statutory limitations, to even one province. The different amounts not being designated by the house and voted in that way, certain sums may be diverted to the wrong provinces.

[Mr. Howden.]

Mr. MURPHY: The hon. member fears that possibly under the vote as at present constituted, Indians living in one province might benefit at the expense of those living elsewhere. I can assure the hon. member that such a policy will not be followed.

Mr. GARLAND (Bow River): Can the minister give me the total amount estimated as the expenditure required for Manitoba, Saskatchewan, Alberta and the Northwest Territories? They were includued in one column last year and the total then was $1,007,639.

Mr. MURPHY: The amount this year is $821,639.

Mr. GARLAND (Bow River): Is there any decrease in the amount for the Blackfoot Indians?

Mr. STEWART (Edmonton): If the minister would give the amounts to be voted for each province, we would have a better idea of what the allocations are.

Mr. MURPHY: The estimates for each province are as follows:

Nova Scotia, $71,460; New Brunswick, $69,124; Prince Edward Island, $9,405; Ontario and Quebec, $359,411; Manitoba, Saskatchewan, Alberta and the Northwest Territories, $821,639; British Columbia, $489,600; Yukon, $21,450; General, $280,500; Indian education, including the construction of school buildings, $1,750,381. —Total, $3,873,000.

Mr. STEWART (Edmonton): A reduction of $853,669.

Mr. GARLAND (Bow River): What is estimated as being required for the Blackfoot agency in Alberta?

Mr. MURPHY: Blackfoot agency, general expenses, $6,839.

Mr. GARLAND (Bow River): That includes the requirements for the purpose of supplies for the agency, does it not?

Mr. MURPHY: It includes salaries, rations, travelling expenses of the agent, fuel and feed, miscellaneous and additions and repairs to buildings.

Mr. GARLAND (Bow River): What is the method of securing, let us say, the fuel supply? Is it by tender?

Mr. MURPHY: Yes, by tender.

Mr. GARLAND (Bow River): Is the tender called for by advertisements?

Mr. MURPHY: It is not advertised; the agent calls for tenders.

Mr. GARLAND (Bow River): The agent does so privately; do I understand he does it himself?

Mr. MURPHY: On instructions from the department.

Mr. GARLAND (Bow River): I want to have this clear. Is the invitation to tender advertised?

Mr. MURPHY: No, the tenders are not advertised; they are not published advertisements.

Mr. GARLAND (Bow River): Exactly; may I ask the minister how it is done?

Mr. MURPHY: The procedure followed for many years is being carried out; firms dealing in certain supplies are asked to tender.

Mr. GARLAND (Bow River): I suppose a coal firm would be asked to supply coal. I just wish to have the matter clear, because this is an interesting point. I presume only coal firms would be asked to supply the coal for the agency.

Mr. MURPHY: That would be the natural inference, yes.

Mr. GARLAND (Bow River): Who was awarded the contract this year for the Blackfoot Indian agency?

Mr. MURPHY: I have not that information with me.

Mr. GARLAND (Bow River): Would the answer given earlier in the session be correct, namely, that it was William McConnell of Gleichen?

Mr. MURPHY: I have not that information before me. Again, however, the inference is that it is correct, unless an error was made.

Mr. GARLAND (Bow River): I wish to direct the attention of the committee to a rather strange situation. The department does not advertise or call for tenders by advertisement. It appears that tenders are invited; by whom, I am not yet clear. Tenders were not invited from all the coal dealers in the town of Gleichen where the coal was purchased. Certain selected favourites are invited to tender, and in addition some who are not in the coal business at all and never have been are requested to tender. It may interest the committee and surprise the minister—because I am quite sure he is not a party to this—that this year's contract was awarded to a man who is not and never was a coal dealer, and that two of the regular firms dealing in coal in the town were not consulted or asked to tender. The man who got the contract is purchasing the coal from the Crown Lumber Company. I understand—and I trust my information is correct—that cheques in payment for the coal are being made out to Mr. McConnell, who, I presume, in turn pays the Crown Lumber Company for the coal shipped in.

But that is not all. This year's tender for the coal is $7.65 f.o.b. agency; $7.65 at farm No. 2 at Cluny; $8.65 at farm No. 3; $9.25 at farm A and $9.65 at farm B,—a five mile haul. We may take it, therefore, that the base price laid down f.o.b. the agency is $7.65. It happens there is another government department in the town, namely, the Royal Canadian Mounted Police. They also sent out invitations for tenders, and probably through some accident the wrong person got an opportunity to tender, a person who has been tendering for about fifteen years, and whose figure was the regular market rate. That tender was for first grade jewel coal—and there is no better—to be laid down at Gleichen at $6.40 a ton.

The mystery to me is why a man who is not a coal dealer should get a contract for three hundred tons of coal. The Royal Canadian Mounted Police order was for only twelve tons, and hon. members will readily see how valueless such an order would be. That contract, however, is filled at the rate of $6.40 per ton, which is a fair price when we consider the drop in coal prices in the present year and the further drop in the costs of handling. On the other hand the Indian agency, which does not invite tenders by advertising but selects certain privileged persons who are asked to tender, awards a contract at $7.65 per ton, or $1.25 more than was necessary. That is worth while considering. The gentleman in question, Mr. McConnell, is the president of the local Conservative association. That is indeed most interesting.

Mr. McGIBBON: But not a crime.

Mr. GARLAND (Bow River): No, not a crime. It is very interesting, however, that the president of a Conservative association, who is not a coal dealer, should be awarded a contract at $1.25 above the price at which coal could be secured. But that is not all. This government has been spending money in the development of a coal mine on the Indian agency. In 1929 the sum of only $56.11 was spent; in 1930 $100.56 was spent; in 1931,—there was a real boom on at that time—the government spent $2,193. That is the information I have received from the department. There is a similar difference in the output. In the year 1929 the output was only 260 tons; in 1930, 600 tons; in 1931, 3,085 tons. The Indian agent is selling the coal, in the town

of Gleichen where the agency is situated. That is first grade lump coal, and is being sold at $3 a ton. Now comes a further mystery: Why does the agent go outside the district to buy coal from the president of a Conservative association at $1.25 above the hauled-in price of domestic coal in Drumheller when he has at his own door a mine developed and operated and worked by Indians under the supervision of the department producing 3,085 tons, which is being sold around the district for only $3 a ton? I leave to the minister the elucidation of these mysteries. I am sure he is not a party to such irregularities, but I do hope he will clear up the mess. Certainly the situation is not a pleasant one in the nostrils of the people of that district. It is an affront both to good Conservatives and to people of other political persuasions, and is the sort of practice which should not be permitted to continue.

Mr. MURPHY: I have not all the facts before me, but I do not think the matter is as mysterious as the hon. member may think. It may be that the man who secured the tender did so at a price slightly higher—about a dollar a ton, if I followed the hon. member correctly. The fact, however, that there was a haulage of some five miles or more, would no doubt explain the difference.

Mr. GARLAND (Bow River): I am sure the minister does not wish to mislead the committee. The coal which was hauled five miles cost $9.65 per ton, an amount greatly in excess of $6.40.

Mr. MURPHY: There is haulage in each case?

Mr. GARLAND (Bow River): There is no haulage for agency coal laid down at Gleichen.

Mr. MURPHY: Is it not hauled a certain distance?

Mr. GARLAND (Bow River): About three-quarters of a mile, or about the same distance as it would be to the Royal Canadian Mounted Police barracks.

Mr. MURPHY: As the hon. member is well aware, there are many different grades of coal sold in western Canada. The haulage may explain part of the difference. I do not say it does; I am offering it as one explanation because I have not all these details before me. But with regard to the other matter of which he complains, namely, that the Indians have on their reserve a coal mine, I do know that is true. I may tell the hon. member that the mine was opened up under the present administration. Whereas formerly the department bought their coal outside, now that the mine on that reserve has been opened up it is not only supplying the fuel needs of the Indians themselves, but also, I believe those of the agency this fall. I may also say to the hon. member that we received some very strong protests against the present policy of the department in operating that mine for the benefit of the Indians. The Indians have not only been able to supply themselves with fuel, but they have been given work during all last winter at fair wages. They have also been able to purchase coal at the mine head, merely paying the wage cost, and selling it, as he said, in the town at $3 a ton. This is directly of benefit to the Indians—something they did not have until the mine was opened about a year or so ago.

Mr. GARLAND (Bow River): Since the mine is producing 3,085 tons of coal, and, as the minister states, he hopes to produce a greater quantity next year, why is his department purchasing coal from outside at more than twice the amount? Is that economic? Is it common sense? If the Canadian National Railway system was run on that basis it would be broke long ago.

Mr. MURPHY: As I stated, the mine has been open only a few months, and it may be that the department was not in a position at the time—I speak again subject to correction—to supply its needs. In other words, the tenders were called for for the season 1931-32, prior to the opening of the mine. But now that we are in a position to meet those requirements, there is no reason why the coal should not be supplied to the agency from the mine provided it is suitable coal for their requirements.

Mr. GARLAND (Bow River): The minister a moment ago attempted to show that there might be some explanation for this thing. I happen to know that the coal that was tentered for the Royal Canadian Mounted Police was a very fine, first class grade of domestic coal. You could not get anything better. It is the bottom seam coal. It is laid down at the Royal Canadian Mounted Police barracks at $6.40 a ton and only for twelve tons.

An hon. MEMBER: That was a gift.

Mr. GARLAND (Bow River): They did not have the advantage of getting it in carload lots as they can for the agency order, which amounts to 300 tons. I am glad the minister is open to reason in this matter. I do hope he will look into it, because frankly it is a disgrace. I cannot imagine anything that more reeks of the old spoils system than this thing does. The government takes office, pro-

ceeds to develop a coal mine on the reserve, produces a tremendous quantity this year, knew it was going to do so because it spent $2,193 in 1931, in addition to $56.11 in 1929 and $100.50 in 1930.

Mr. MURPHY: I think the hon. member will bear me out when I say that the mine at that time was not producing.

Mr. GARLAND (Bow River): Not anything like the quantity that is being produced to-day.

Mr. MURPHY: Not anything at all, I think.

Mr. GARLAND (Bow River): There was some coal being taken out in 1930. The facts are as I have stated to the minister. The government changes office, the new government does not call for tenders by advertisement, but sends out an invitation to one or two friends in the town, and accepts a tender from one of those men, whom obviously they must have had their eyes upon all the time, or whose eyes must have been upon them all the time—the president of the local Conservative association. He gets the contract at a price that is higher than any price contracted for in the district by a government agency since 1928. Remember that. During all the period the price of coal has been going down. In 1928 it was $7.50; in 1929, $7.20; in 1930, $7.20; in 1931, $6.40. I am sure hon. members are fully as disturbed as I am about this matter and do not like this kind of thing to be done with public money. This gentleman may be a very worthy man, but why the government should have given the contract to him for a large amount of coal, 300 tons, at $1.25 over the price at which they could have secured first grade coal, is a mystery to me. Of course, the other point is that the man is not a coal dealer, and never has been. Again, for fear there may be any mistake about it, the price paid to this gentleman is $7.65 f.o.b. agency, which gives him a profit of $1.25 for doing nothing except signing a contract. On farm No. 2, Cluny—which is also in the same relation to the railway station as the Gleichen farm—the same price is quoted, $7.65; at farm No. 3, which is one mile away, the price—full allowance has been made for providing profit—is $8.65, at farm A, four miles away, the price is $9.25, and at farm B, five miles away, the price is $9.65. I can assure the minister that the contract is well worth while; it has not cost any effort or investment on the part of him who got it. It is a straight gift out of the public treasury and is a disgrace. I know the minister will pay attention to the matter and have it cleaned up.

Mr. BEAUBIEN: Is there a man by the name of William Tweedwell, Indian agent at Le Pas, where there is a reserve?

Mr. MURPHY: There was a William Tweedwell, at Le Pas.

Mr. BEAUBIEN: Was he dismissed?

Mr. MURPHY: Yes.

Mr. BEAUBIEN: For what reason?

Mr. MURPHY: For incompetency and misbehaviour.

Mr. BEAUBIEN: Was the misbehaviour political partisanship?

Mr. MURPHY: No.

Mr. BEAUBIEN: Was a man by the name of Samuel Lovell appointed agent in the place of Tweedwell?

Mr. MURPHY: He is acting temporarily.

Mr. BEAUBIEN: Has the position been advertised?

Mr. MURPHY: I do not think so.

Mr. BEAUBIEN: Will it be advertised by the Civil Service Commission?

Mr. MURPHY: It may not be advertised, for this reason; an order in council was passed some time last year directing the Civil Service Commission to fill vacancies by appointing former members of the Department of the Interior staff who in their opinion had the necessary qualifications to fill such offices.

Mr. BEAUBIEN: Is my information correct, that the only qualification of this man Lovell is that he is a painter by trade?

Mr. MURPHY: I have no information on that subject.

Mr. BEAUBIEN: Would the minister let me have that information as soon as possible? My information is that this man Tweedwell was dismissed for very poor reasons, and I believe the minister and his department were skating on very thin ice in making that dismissal. Then they temporarily appointed a man who I am told has had no experience in that line of work, whose trade is that of painter. The Indians might need a little warpaint or something like that, but I should like the minister to give me that information.

Mr. MURPHY: I do not think it is in the public interest or in the interest of any employee of the government to state publicly, in certain cases, everything that might be said against that individual, but I can assure my hon. friend that if he will come to the office of the department and consult the files he will not repeat the statement he made a

few moments ago, that we were skating on very thin ice in dismissing this man. I do not wish to pursue the subject at greater length for the reasons I have already given, but if the hon. member persists it may not be greatly to his advantage.

Mr. BEAUBIEN: I might tell the minister that since this government has been in power there have been so many dismissals for political partisanship, and the investigators have condemned men on such scanty evidence, that members on this side of the house must be expected to be suspicious. Among those dismissed from the Post Office Department or from the minister's own department I could name many who have been dismissed or suspended because of charges of political partisanship, many of which were cooked. In my own district we had an investigator inquiring into the conduct of a civil servant accused of political partisanship, whose accuser was a mail contractor, delivering the mail from the station to the post office, who acted as agent for the Conservative candidate. This was the man who made the charge against the postmaster, whom he was trying to get dismissed. If I can get the information I require privately I will do so.

Mr. MURPHY: I have no knowledge at all of anything that might have taken place with regard to the Post Office Department, but I can assure the hon. member that no charge of political partisanship was made in the case of the agent who was retired at Le Pas.

Mr. BEAUBIEN: I will give the minister some information that he may remember. A certain medical man who was attending the Indians on a reserve in my district was advised shortly after the election was over, that his services were no longer required. That man never took any part in the campaign; I warned him not to do so. I feared that the promises my hon. friends were making might bring them into power, so I told him, "If you do not take any part in this fight you will be able to hold your position." He did not take any part, but nevertheless in October or November he was notified that his services were no longer required. That dismissal was unjust and unfair, and it has turned more votes away from my hon. friends opposite than anything else they could do in my district.

Mr. STITT (Nelson): In fairness to the minister and to the gentleman referred to by the hon. member for Provencher, I think I should say a word, since probably I am in a better position to know about this matter than any man in this house. Mr. Tweedwell was a very warm supporter of mine, so there could be hardly any partisanship shown in his dismissal. Mr. Tweedwell was looking upon the wine when it was red just a little too much; he got himself into difficulties, an investigation was requested and an investigator was sent up. I have not seen the evidence on which he was dismissed, but I can assure the hon. member for Provencher that the department had every justification for the action that was taken.

Mr. VALLANCE: When these estimates were under consideration last year I asked the minister a question regarding the list of firms permitted to tender on supplies for the Indians. I mentioned the specific case of a firm in connection with the supplying of flour to the Indians in northern Saskatchewan. For many years the Bishop Milling Company of the town of Battleford supplied flour to the Indians, not only under the late government but under the preceding government as well. Last year I asked why the Bishop Milling Company was not permitted now to tender for flour; in fact I wrote the minister's department, and I was told then that they were not on what I might call the eligible list. Might I ask the minister whether they are on that list now, and if they are not on it would the minister tell me why they are not.

Mr. MURPHY: I am not sure whether the firm mentioned by the hon. member has been asked to tender, but I am safe in saying that there is a firm in Battleford that is asked to submit prices. I am not certain whether or not it is the firm he mentioned a moment ago.

Mr. VALLANCE: Has the deputy minister the information?

Mr. MURPHY: I am informed that the Bishop Milling Company is asked to tender on supplies.

Mr. VALLANCE: I wish to thank the minister.

Mr. McGIBBON: I would like the minister to be good enough to revert for a moment to a question of policy. In my riding I have two Indian bands, and on the average I think they are as intelligent as the ordinary citizen of the country. Most of them are equally thrifty and ambitious, and many of them have expressed the wish to me, both individually and collectively, that they might become enfranchised and enjoy the full rights of ordinary citizens. They have never been able to do so, and for the life of me I cannot see why that should be so. A number of them went to the

war and were enfranchised as a result, but their brothers, their fathers, their mothers and their sisters are still there. They are ambitious, energetic and thrifty, and are very desirous of getting the citizenship that is enjoyed by other people in this country. I should like to ask the minister if it would not be possible to give these people a little more responsibility and a little more liberty by granting them full citizenship. I do not see why a difference in colour should bar one man from full citizenship while his neighbour enjoys that privilege.

Mr. MURPHY: As I think the hon. member is aware, there is a provision in the Indian Act now whereby an Indian man or woman may be enfranchised, and Indians in different parts of Canada are being enfranchised practically all the time. It is done by order in council, after certain recommendations have been made in regard to the standing, the character and the ability of the person concerned. To the best of my knowledge there is no provision in the Indian Act now whereby Indians might be enfranchised en bloc. That could only be done if the present Indian Act were amended. The question has been given some consideration but not all the consideration it deserves, and it may well be that legislation might be introduced in this house to accomplish something of what the hon. member has in mind.

Mr. McGIBBON: I thank the minister for his assurance that consideration will be given. I was quite well aware of the provisions he has enumerated, but in the fifteen years I have been in this house I have been able to get only one enfranchised, and that took me from six months to a year. Speaking irrespective of governments, I do not think this matter has received in the past the consideration which the citizens in those bands deserve. I thank the minister for the promise that the matter will be considered, because I think it is just that it should be.

Mr. NICHOLSON: I was very much pleased to hear the minister say that the department had been successful in arranging with the government of Quebec for granting exclusive rights to Indians in that province to take furbearing animals north of the Transcontinental railway, and if I understood him correctly he said that at present an effort was being made, pending the report of the game commission appointed in Ontario some eighteen months ago, to accomplish the same object in the province of Ontario, namely, to provide that north of the Transcontinental railway the Indians should have the exclusive right in that province. So far as the Indians north of the Transcontinental are concerned, that would be a splendid arrangement. But what about the Indians south of the Transcontinental? There are two distinct bands or, as they are sometimes referred to, tribes of Indians in the northern part of Ontario and the eastern part of Manitoba. To some extent, particularly in northern Ontario, the Cree Indians found their native home north of the height of land in the watersheds of the Hudson bay, while the Ojibway Indians found their home south of the height of land, roughly speaking. If the Cree Indians get their rights north of the Transcontinental they will be amply taken care of, but they would be about in the same position north of the height of land if an attempt were made to transport the Ojibway bands of Indians from the watershed of the great lakes to north of the Transcontinental, which is only a small portion of Hudson bay watershed, because the watershed comes down one hundred miles south of the Transcontinental. The hunting grounds south of the Transcontinental are more prolific and will furnish better opportunities for the Indians, in the main, than the hunting grounds north of the Transcontinental. You will take care of one group of Indians partially, namely, the Crees, north of the Transcontinental, but the Crees south of the Transcontinental in the watershed of the great lakes will be in the position they are now in—and their position is worse than that of any Indians I know of in the country. There are three lines of railways traversing the districts from end to end of that country, and it is through these railway lines that the white hunter comes in. Then, following up what the hon. member for St. Boniface has said with regard to the Indians not being permitted to take furbearing animals or food supplies from the game in Manitoba, certainly they are not in Ontario; they are treated exactly the same as the while man is treated. They are haled before the police court if they shoot a partridge out of season, or for any act committed in violation of the game laws of Ontario, just the same as any white man. The result is that they have been reduced to a state of absolute pauperism, their only means of earning a living having been taken away from them.

Mr. STEWART (Edmonton): May I suggest that a slight mistake has been made in curtailing the description of the votes. If it was desirable to have the vote all in one item, then at least the items the minister read to the committee allocating certain amounts to each province should be in the

estimates. However, that is not the point I want to make at present. Will the minister give some explanation with regard to the closing of the Regina office and the allocation of the three inspectors?

Mr. MURPHY: The commissioner's office at Regina, as such, has been closed and Inspector Murison will continue, under the department here at Ottawa, in charge of affairs in Saskatchewan, Inspector Hamilton in Winnipeg for the province of Manitoba, and Inspector Christianson in Calgary for the province of Alberta.

Mr. STEWART (Edmonton): Reporting direct to Ottawa?

Mr. MURPHY: Reporting direct to Ottawa, yes.

Mr. STEWART (Edmonton): In the curtailment of the amount allocated generally to the department, how much of the reduction is estimated to be in construction of schools? Perhaps I might put it a better way: Are there any new schools under construction this year?

Mr. MURPHY: No.

Mr. STEWART (Edmonton): Any new hospitals?

Mr. MURPHY: No.

Mr. DONNELLY: I understand that what is known as the Greater Production Farm in the neighbourhood of Regina has been abandoned. What was the reason for this?

Mr. MURPHY: As nearly as I have been able to ascertain, what is known as the Greater Production Farm was brought into existence, along with some others of a similar type, during the war years when this country was straining every effort to provide foodstuffs for the allied armies. In other years a similar farm was closed on the Blood reserve in Alberta. This year it was decided to close the farm north of Regina, because the Indian department is not engaged in the business of farming as such; that is rather outside the province of the department. I may say, for the information of the hon. member, that the farm has not been abandoned. An arrangement has been entered into with the former manager of the farm whereby he will crop the land this year with the idea eventually, in a couple of years' time, of returning the farm to its natural grassy state to obviate the danger of the land becoming weedy and thus a menace to surrounding farms.

Mr. DONNELLY: Has any of this land been handed over to the Indians to farm this year, or has it been placed in the hands of this individual to carry on farming?

Mr. MURPHY: The arrangement has been made with the individual to farm the area with the idea of returning the land to its natural grassy state, or to sow the land where needed to broom or some other variety of grass.

Mr. LAPOINTE: Can the minister advise the committee of the present stage of the negotiations between himself or his department and the government of Quebec with regard to Indian reservation lands alienated by this government? The privy council has decided that these lands must revert to the provinces and that the proceeds of any sales belong to the provinces. I understand there is now due to the province of Quebec more than $300,000 in proceeds from the sales of these lands. I think an arrangement was reached many years ago with the province of Ontario, but so far no definite conclusion has been reached as far as Quebec and the Dominion government are concerned. I understand that the department take the stand that the province must wait; they do not contest the validity of the claim but they seem to ask for some sort of moratorium. The province of Quebec in the past has been willing to agree to favours being granted to other provinces; it does not ask for any favours, but it has a right to the money received from the sale of Indian lands which are the property of the province.

Mr. MURPHY: Mr. Chairman, in one sense, I am rather pleased that the former Minister of Justice (Mr. Lapointe) has brought up this question. I have not all the details before me, but I think the general facts are something like these: It was understood by the Dominion government and by the Indians themselves that where a band surrendered a portion of their reserve for sale or lease, the proceeds of the sale would be held by the Dominion government in trust for the purpose of assisting the Indians. Certain lands in the province of Quebec were sold after being legally surrendered by the Indians to the department for disposal, and the province has claimed the reversionary interest in those lands. A case was carried to the Judicial Committee of the Privy Council, which decided that the province was entitled to the reversionary interest in the lands or, in other words, that the proceeds from the

sale of the lands belonged to the province. I do not dispute that that is the correct legal position, but certain negotiations have been carried on between the Premier of Quebec and myself and other officials of the government. The dominion's standpoint is that the province of Quebec could claim a reversionary interest in the lands. However, it may be of interest to the committee to know that the province of Ontario has entered into an agreement with the Dominion government whereby the proceeds of any such sales would be held in trust by the Dominion government to be used for the welfare of the Indians, and I have endeavoured to have the province of Quebec adopt a similar attitude. The Dominion government is not holding these moneys for the benefit of the crown in the right of the dominion; it is holding them in trust to be expended from time to time for the benefit of the Indians. I think there is a difference of opinion as to the $300,000 mentioned by the former Minister of Justice, the Dominion contending that that amount includes not only the proceeds from the sale of lands but also the proceeds from the sale of timber and other resources upon the lands. My main object has been to have the province of Quebec adopt the same attitude as that adopted by the province of Ontario, whereby the moneys from the sale of such lands would remain with the Dominion government to be expended for the benefit of the Indian. If this is not done, the department will be placed in this position: Unless an Indian band dies out or for some reason leaves its reserve, no further land would be surrendered by the Indians, because it would be felt that the proceeds of any sales would go to the province and the poor Indian would be denied that which he supposed was his for all time to come.

Mr. LAPOINTE: I do not challenge the right of the minister to enter into negotiations with the province of Quebec to try to get them to agree that this money should be kept in trust for the benefit of the Indians, but my hon. friend must agree that the money now in the hands of the government is the property of the province of Quebec. While negotiations are pending and before an agreement is reached, if it is ever reached, I do not think it is a fair method of procedure for the government to keep this money, and I do not see how my hon. friend can justify it. In order to show the view taken in regard to this matter by the government of the province of Quebec, I shall read the last letter sent to my hon. friend by the Premier and Attorney General of the province. The letter is dated April 25, and reads:

I am in receipt of your letter of the 19th instant, regarding the question of the property rights of the province of Quebec in lands comprising Indian reserves.

I regret to state that it is impossible for our government to accept the views expressed by you in your letter.

Surely, undisputed claims between Canadian governments cannot be treated in this way. After much litigation the privy council held, in the Star-Chrome case, that these lands reverted to the provinces.

Before this decision was rendered, the government of the dominion had been selling these lands. We declared, however, before the privy council that we were prepared to recognize the validity of the titles given by Ottawa before the priviy council decision, and ever since Ottawa has been disposing of the lands, the proceeds of the sale being deposited in a special trust fund. The amount due the province of Quebec is now over three hundred thousand dollars, in addition to interest. We have, however, declared that we were prepared to waive interest if the capital is paid forthwith.

I really cannot understand the stand that you take when you declare, in your letter, that the adjustment of this claim must be indefinitely deferred.

The government of the dominion is showing itself most generous for the provinces of the west and, for this generosity, I am offering no criticism. We are not applying for charity or for a gift, but only for the payment of a sum which is legitimately due to the province.

I, therefore, earnestly hope that our claim will be adjusted forthwith.

May I add that the privy council dealt with this matter in the case of the Dominion of Canada vs. the province of Ontario, in 1910, in the Indian Treaties indemnity case. You will find that case reported at page 676 of Cameron's Canadian Constitution.

Yours truly,

L. A. Taschereau.

I do not want to press the matter unduly, but I submit, even after the explanations of the minister, it is clear that the money belongs to the province of Quebec, and until any other agreement is reached and pending any negotiations, I dispute the right of this government to keep the money.

Mr. MURPHY: As I stated a few moments ago, there is no question, or at least I have never heard any, as to the legal right of the province of Quebec to the proceeds from the sale of the land. When the ex-minister read from the letter that settlement must be indefinitely postponed, this had reference to the amount claimed, not to the legal right of the province to the proceeds from the sale of the land. That is, the province of Quebec claims the right to money which was received from the sale of timber and certain other proceeds

which the Dominion government feels is not included in the judgment given by the privy council. But the ex-minister, in his concluding remarks, stated that he felt that this government was not entitled to keep moneys which rightfully belong to the province of Quebec, although we were endeavouring to negotiate with them whereby the moneys from the sale of this land would be kept for the Indians. That money has been owing to the province of Quebec for some years, I believe, and the ex-Minister of Justice, although I am not sure of this, may have had the matter brought to his attention during those years.

Mr. LAPOINTE: I did not hear of it until two days ago.

Mr. BENNETT: Bad staff work.

Mr. MURPHY: Then I do not need to give any further explanation along that line. I sincerely hope, however, the province of Quebec will see its way clear to allow the dominion to retain that money in order that it may be expended for the welfare of the Indians who certainly need it.

Mr. STEWART (Edmonton): I think I should lend some support to the minister in this matter, because I had a rather trying experience with the province of Ontario in regard to the same question. While there is no use in denying the fact that we were defeated in the case before the privy council, the question of ownership of Indian lands is rather beclouded. I always held the opinion that our case was not very well presented. It, however, went against us; there is no use in arguing about that, but even so, we felt we had a claim in equity. Surely these lands were set aside in the various provinces for the maintenance of Indians and the responsibility for their maintenance devolves upon the federal authorities. All the contributions the provinces made were the lands themselves.

Mr. LAPOINTE: The lands themselves—that is something.

Mr. STEWART (Edmonton): —the lands themselves, for the purpose of setting aside reserves for the Indians. The care, the education and all the other responsibilities fell upon the shoulders of the federal government. It is not fair to say that there is any difference between the treatment in Ontario and Quebec and that in the western provinces, because under the agreement with the prairie provinces and British Columbia there is a provision that if further lands are required, they are prepared, upon negotiation, to provide them. If in the provinces sales of land are undertaken, the proceeds remain in the custody of the federal government. It sems to me this is a question of equity, if not of law. In the negotiations with the Ontario government we were able to retain these moneys and arrangements are made whereby, in sales of reserves in that province, the proceeds remain in the custody of the Department of Indian Affairs for the benefit of the Indians themselves. It is true on a clear case of law the province of Quebec is entitled to recover that money, but to be fair to the rest of the provinces and to give the same treatment—

Mr. LAPOINTE: Quebec is paying all the time to the other provinces.

Mr. STEWART (Edmonton): I do not want to enter into a controversy with my hon. friend over that question.

Mr. LAPOINTE: We shall discuss it at some other time.

Mr. STEWART (Edmonton): Not particularly with respect to Indians—

Mr. LAPOINTE: We do not borrow money, but we want what is due to us.

Mr. STEWART (Edmonton): As regards the question of Indian reserves in Quebec, it is only fair to expect that that province should be given the same treatment as that which prevails in regard to Ontario.

Mr. BENNETT: I think the difficulty is this: the ex-Minister of Justice overlooks the fact that the privy council has not decided that the fund, if it is paid to the province of Quebec, does not become a trust fund for the benefit of the Indians.

Mr. LAPOINTE: Let Quebec decide that.

Mr. BENNETT: If it is a trust fund for the benefit of the Indians, then as the ex-Minister of the Interior has observed, a difficulty of administration arises, because, under the constitution, with the dominion rests the responsibility for the Indians, and the extent to which the moneys thus received by the province from the sale of assets belonging to the Indians would pro tanto be available for their relief and support. I think what the ex-Minister of the Interior has said should be viewed from that standpoint. I understand the minister has suggested to Quebec, not that the moneys should not be paid in accordance with the terms of the judgment, but that, if paid, they should be regarded as a trust which may be administered by the dominion or by the province, but if by the province, by its discharging the constitutional obligation of the dominion with respect to the wards of the crown, namely, the Indians.

Mr. LAPOINTE: Does my right hon. friend not think that, while these negotiations are pending, the money should go to the province to which it belongs?

Mr. BENNETT: The question has not been determined, as I understand it—

Mr. LAPOINTE: It has.

Mr. BENNETT: The hon. gentleman has not heard my sentence. The question has not been determined whether or not the money is earmarked as a trust fund, and if paid over by the dominion without its being thus earmarked, a question that might be very difficult would arise. That is the point which the minister has endeavoured to make with the provincial authorities. If we earmark it as a trust fund, then of course the administration of the fund would relieve pro tanto the obligations of the dominion. But this would complicate administration, because you would have the province charged with a responsibility which constitutionally rests with us.

Mr. LAPOINTE: Surely the judgment is clear that when Indian lands are abandoned, they revert to the provinces.

Mr. BENNETT: Quite so.

Mr. LAPOINTE: When they are sold, the money should go to the province, whether that money is earmarked or not. Whether it is to be administered for the benefit of the Indians or not, it must go to the province, and while this question is being discussed, I do not think it is fair on the part of the federal government to keep the money.

Mr. GARDINER: Has the minister any information with regard to the situation in relation to trachoma on the different reserves in the west?

Mr. MURPHY: I did not hear the hon. member very well, but I believe he is inquiring about the trachoma situation in the west. At the present time the department is availing itself of the services of Doctor Wall, who is an expert in that disease, having especially studied the subject in Vienna. He is making a tour throughout the west and is instructing the various doctors whose services were engaged for the benefit of the Indians in the detection and treatment of this disease. He is cooperating also with the provincial Departments of Health in their endeavour to prevent the ravages of that disease among certain elements of the white population.

Mr. GARDINER: I was very much interested in the questions asked by the hon. member for Bow River concerning the coal contract at Gleichen. I have before me a return which was tabled in this house some time ago at the request of the hon. member. Notwithstanding the fact that the price of coal has been very substantially reduced, I notice the department is paying fifteen cents per ton more than they did in the previous year. Can the minister explain this?

Mr. MURPHY: I have already informed the committee that tenders were asked for by the Indian agent, and that the lowest tender was accepted. Further than that I can give no explanation to the committee.

Mr. GARDINER: Does the minister really believe that they were proper tenders? In his own mind is he satisfied that those tenders were properly made?

Mr. MURPHY: They were proper, I suppose, in the sense that they were submitted by responsible dealers. When those dealers were tendering they knew that they were in a competitive field, and as business men they would know that they must submit prices at which they could supply the coal.

Mr. GARDINER: In view of the fact that the public was not asked to tender for the supply of coal I presume the minister would not like to say that the tenders were really competitive?

Mr. BENNETT: He said so.

Mr. GARDINER: The minister would not for one moment say that those tenders were competitive; the public was not asked to tender for the supplying of coal.

Mr. MURPHY: Yes, the tenders were competitive, because the different dealers were asked to quote. I do not know what the hon. member has in mind when he suggests to the committee that those men got together in some sort of cabal and boosted the price. I do not know whether or not that is what the hon. member has in mind. Apart from that, however, I would say that as business men they would submit the lowest possible prices in order to secure the business.

Mr. GARDINER: I did not infer that those gentlemen got together with the idea of boosting the price higher than it should have been. In an endeavour to get to the bottom of this matter I should like to ask the minister how many tendered for the coal contract, the amounts at which they tendered, and the dates upon which the tenders were received.

Mr. MURPHY: I am sorry I have not that information before me.

Mr. GARDINER: I do not like to delay the item, yet I should not like to see it pass until we have some further explanation in regard to so important a matter. After all, we are spending the funds of the people, and it is the duty of this house to see to it that proper tenders are received. In all cases, quality considered, the lowest tenderer should receive the contract. In this particular instance it is quite evident that only a few people were asked to tender. I believe the committee would be justified in asking the minister to let the item stand until such time as he can furnish more information.

Mr. BENNETT: Certainly.

Mr. GARDINER: I should like to know who were invited to tender for this coal contract. I should like to have the tenders produced, so that the committee may know whether the lowest tender was accepted, the date that tenders were asked for and when the successful tender was accepted, in order that we may determine whether or not the agency itself could have supplied this coal from its own mine at the time the tenders were received.

I should like to say a word or two about the manner in which estimates have been brought before the committee this year, as compared with that of former years. In item 201 of this year's estimates a lump sum of $3,873,000 is provided. If hon. members will turn to last year's estimates they will find a much better description of the particular purposes for which these moneys are allocated than is to be found in the estimates now before us. With all the estimates for the Department of Indian Affairs lumped in one sum it is quite possible for the department to allocate those funds to whatever purpose they may desire. Under the circumstances and in view of my past experience I do not think that is advisable. Turning to page 54 of the estimates for the year 1931-32, last year, we find that there are certain amounts allocated to each of the provinces, and the total vote was $4,516,313. Then we come to a special vote for Nova Scotia, and in that vote there is a sum set aside for salaries, another for supplies for destitute Indians, another to provide for encouragement of agriculture, another for medical attendance and medicines, another for repairs to roads and dyking, another for Indian dwellings, and the last for miscellaneous and unforeseen expenditures. Each of these items has a certain amount of money allocated to it in last year's estimates, making a total for the province of Nova Scotia of $85,960.

The CHAIRMAN (Mr. Maloney): I must remind the hon. member that it is now eleven o'clock.

Mr. MURPHY: Before the committee rises I should like to make one or two observations. When the hon. member for Bow River first raised the question of coal I said I had not the particulars before me. When I replied to the hon. member for Acadia I was speaking generally, as to the policy of the department in connection with tenders, and I made the assertion that the lowest tender is accepted. At that time I was not speaking of the particular case to which the hon. member had directed his remarks, but was referring to the general practice in the department. May I add that at the next sitting I shall have the necessary information for hon. members opposite.

Progress reported.

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

Tuesday, May 3, 1932.

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, May 3, 1932.

Sir,—

I have the honour to inform you that Right Hon. F. A. Anglin, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber this day at 5 p.m. for the purpose of giving the royal assent to certain bills.

James F. Crowdy,
Assistant Secretary.

CANADIAN NATIONAL RAILWAYS

GUARANTEE OF SECURITIES TO BE ISSUED UNDER CANADIAN NATIONAL RAILWAYS FINANCING ACT

On the order of government notices of motion:

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, yesterday I advised the house that I would ask for unanimous consent for the purpose of dealing with a bill to raise $61,500,000 for the Canadian National Railways. If hon. gentlemen will look at page ii of the votes and proceedings of yesterday they will find the resolution which is to be the basis of the bill in question. I would therefore ask

leave of the house to move that the house resolve itself into committee this day to consider the following resolution:

That the governor in council may authorize the guarantee of securities of the Canadian National Railway Company made or issued from time to time under the provisions of the Canadian National Railways Financing Act, 1932, to an aggregate principal amount at any one time outstanding of $61,500,000.

His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

BACON EXPORTS

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): In the absence of the Minister of Trade and Commerce (Mr. Stevens) I wish to make a correction in regard to a statement that was given out by one of the officers of the Department of Trade and Commerce yesterday and that appeared in some newspapers this morning, dealing with Canadian bacon exports. I am informed by Mr. Coats, the dominion statistician, that there are various mistakes in this statement, largely due to the changing of a decimal point which naturally multiplies some of the figures by ten. I wish to make this correction as early as possible, and this afternoon Mr. Coates will give out to the press a corrected statement in regard to exports of bacon from Canada.

LOBSTER FISHING SEASON

On the orders of the day:

Mr. A. E. MacLEAN (Prince): I should like to direct a question to the Acting Minister of Fisheries (Mr. Duranleau), based on the following telegram from Summerside, dated May 2:

Understand Department of Fisheries granting two weeks extension to lobster fishermen on south shore Nova Scotia. Feel this action very unfair to fishermen and packers island. South shore enjoyed last winter a season from December first to January fifteenth and this spring March first May fifteenth. Our fishermen have only two months. Market in a demoralized condition. Such extension if granted will be disastrous to our fishermen. Would suggest protest strongly against such extension.

This is signed by one of the large packers of Prince Edward Island. The question I wish to direct to the minister is whether he will give consideration to the request of the Island packers in regard to not granting this extension of time.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): I am not prepared to say at the moment whether my department has received any request from the packers of Prince Edward Island, but we will be prepared to consider any reasonable demand they may make.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I would like to ask the minister if he would be good enough to take into immediate consideration—and I say immediate because the matter is urgent—the request of the fishermen of western Nova Scotia for the extension of the lobster season to the end of May. The minister has said he is willing to consider any reasonable demands made by the packers of Prince Edward Island, and I hope he will have the same consideration for the request of the fishermen of western Nova Scotia.

Mr. DURANLEAU: I will be glad to consider the matter.

Mr. WILLIAM DUFF (Antigonish-Guysborough): As an unprejudiced person interested in the fisheries I strongly recommend to the Minister of Fisheries that this extension of time in western Nova Scotia be not granted.

INQUIRY FOR RETURN

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Some three weeks ago an order of the house was issued for a return having to do with the disposition of the two million odd bushels of wheat that were ground and used for relief purposes. May I ask the government if I can expect this return to be brought down shortly?

Right Hon. R. B. BENNETT (Prime Minister): That question was answered on an inquiry made by the hon. member for Assiniboia (Mr. McKenzie). There is no correspondence; the instructions were given verbally, and the quantity of wheat milled is mentioned in the answer to that question, which I think was given one day last week.

NATIVE WINE

On the orders of the day:

Hon. E. B. RYCKMAN (Minister of National Revenue): Yesterday on the orders of the day the hon. member for Lisgar (Mr. Brown) addressed a question to the right hon. Prime Minister which had to do with my department. I understood the hon. member to ask if there might be laid on the table of the house any order in council having refer-

ence to the fortification of wines, and the hon. member stated that such order in council was passed shortly after the close of last session. I may tell the hon. gentleman that there was no order in council; proceedings were taken by the department under the regulations. A statement of what was done is under my hand and I will be glad to let the hon. gentleman have it.

DISARMAMENT CONFERENCE

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): I should like to ask the right hon. Prime Minister whether we may expect, before the end of the session, a report of the activities of the two members of the government who are attending the Disarmament conference. I presume my right hon. friend is in constant communication with them, and I believe we are entitled to know the results of their work, since they have been there for three months.

Right Hon. R. B. BENNETT (Prime Minister): If the hon. gentleman will recall the opinions that I expressed frequently in this house last year and again this year as to the movement of great events connected with disarmament conferences he will realize that very little has been accomplished, and that the acute difficulties between two of the great powers, the one speaking of security and the other of equality, have rendered it practically impossible at the moment for any definite conclusions to be arrived at. The advices that we receive from our delegation substantially indicate that there is still hopefulness on the part of those who are gathered at Geneva, and that they have not abandoned the idea that they may be able to accomplish some good purpose by their continued efforts.

In the meantime, I think the hon. gentleman has had sufficient experience in matters of this kind to know that no report, in the sense in which that word is commonly used, could be given that would be in any way enlightening to the house or to the country, beyond those reports which from day to day appear in the press.

CANADIAN NATIONAL RAILWAYS

GUARANTEE OF SECURITIES TO BE ISSUED UNDER CANADIAN NATIONAL RAILWAYS FINANCING ACT

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That the governor in council may authorize the guarantee of securities of the Canadian National Railway Company made or issued from time to time under the provisions of the Canadian National Railways Financing Act, 1932, to an aggregate principal amount at any one time outstanding of $61,500,000.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. POULIOT: I will not take up much of the time of the committee but I desire to say a few words in connection with this resolution. May I tell you, Mr. Chairman, how it came about that the Canadian National shops at St. Malo were built. It was because a piece of land, in fact a swamp, was bought before 1896 by a concern called La Compagnie des Terrains Sans Bruit—The Noiseless Land Company—in which a Conservative minister was interested and also an ex-Lieutenant-Governor of Quebec. Together they bought that piece of land for a very small sum of money and tried to sell it to the Laurier government, but without success; and in December, 1911, two or three months after the Conservative government had come into power, that same piece of land was bought at a price thirty times what had been paid for it originally, thirty years before. They made a very profitable sale. After the land was acquired it had to be used for something, and it was decided to build the Canadian National railway shops on that swamp. That is the origin of the St. Malo shops in Quebec. After the shops were built they had to be equipped with men and machinery, and most of the men and equipment they imported from Rivière du Loup. The result was that they emptied the shops at Rivière du Loup. They took the men and mechanical devices from those shops to fill this plant, the outcome of graft. That is how the Rivière du Loup shops were treated by the Borden administration in 1911, and no satisfaction has been given the people there. They were ill treated in this way because of the graft of a minister—may his soul rest in peace—and of a former Lieutenant-Governor of Quebec—may he too enjoy peace before his death. That is why I take this opportunity of asking the government not to be hard on Rivière du Loup. That city has very fine shops and the men are excellent mechanics, but they suffered at that time in much the same way as the Acadians suffered in Nova Scotia long years ago. In this case it was the expulsion of French Canadians from Rivière du Loup to Quebec to man the shops there. These men had to leave their homes, which they were

obliged to sell at a great loss, and they were involved in all sorts of sacrifices. Now many of them are without employment.

I submit that this matter should be taken into very serious consideration. I told the whole story to Sir Henry Thornton and some other officials of the Canadian National Railways, and I also brought the matter to the attention of the late administration. I urged that every consideration should be given the people of Rivière du Loup in view of these circumstances.

There are two parishes in the city of Rivière du Loup in which the men are engaged mostly on the Canadian National Railways. They do not receive exorbitant salaries, and they give full value in their services for what they receive. They are good citizens and employees, many of them having received letters of commendation from different governors general and prime ministers of Canada. I am sure that if there is one section of the Canadian National railways through which the Prime Minister may travel in safety and comfort it is the division between Lévis and Campbellton, when the engineer in charge and the fireman, the conductor and the brakeman, are from Rivière du Loup.

May I once more urge this matter upon my genial friend the Minister of Railways. I am not blaming him for the unfortunate conditions in Rivière du Loup, but the people there have suffered enough already and something should be done to give them redress. That is one of the oldest divisional points on the Canadian National railways. Rivière du Loup was the first terminal of the Grand Trunk railway before the building of the Intercolonial railway. I would ask the minister to see to it, if at all possible, that the people there be given justice, and that they be compensated for what they have suffered in the past. They have suffered more than the people on any other section of the railways. It must be remembered, moreover, that it is bad for the whole community to increase big shops at the expense of those located in the smaller centres. When these men quit their work they had to sell their property at a great loss; they were uprooted, and they do not feel at home in other centres. I know the minister's good disposition and I would ask him to be kind enough to see to it that the men at Rivière du Loup are disturbed as little as possible during the present crisis.

Mr. MANION: Of course, my hon. friend knows very well that the Minister of Railways has nothing whatever to do with the matter. It is entirely in the hands of the management. However, I shall gladly see that his remarks are brought to their attention.

Resolution reported, read the second time and concurred in.

Mr. RHODES: With the unanimous consent of the house, Mr. Speaker, I beg leave to introduce Bill No. 71, founded on the resolution, respecting the Canadian National Railways, and to authorize the guarantee by His Majesty of securities to be issued under the Canadian National Railways Financing Act, 1932.

Motion agreed to and bill read the first time.

Mr. RHODES moved the second reading of the bill.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

PROVINCIAL FORCES TAKEN OVER; CONSOLIDATION WITH PREVENTIVE SERVICE

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 63, to amend the Royal Canadian Mounted Police Act.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, some of the clauses in this bill sceem to be rather queer but I shall wait until the house is in committee to ask the minister for explanations thereof. Our approval of the second reading of the bill must not be taken to preclude us from attacking the principle of the bill, if we deem such action necessary.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Appointment of deputy commissioner.

Mr. LAPOINTE: What is the necessity of appointing a deputy commissioner? My understanding at the introduction of the bill was that because of the taking over by the government of the policing of the western provinces it might be thought to be useful to have a representative of the commissioner, namely a deputy commissioner, remain in the west to act as the commissioner is acting here in Ottawa. However, the minister stated that the intention is to have the deputy commissioner located in Ottawa. I do not see the necessity of creating a new position of this

kind, a position which will obviously carry a high salary. The assistant commissioners are able to do the necessary work without one of them being given the title and salary of a deputy commissioner. My hon. friend spoke of the discipline of the force, but I do not think a deputy commissioner would have more authority than have the assistant commissioners. There is probably no body of men in Canada or elsewhere where better discipline or esprit de corps exists than in the Royal Canadian Mounted Police, and this fact makes me a little suspicious that this is merely a move to give a good position to someone.

Mr. GUTHRIE: Mr. Chairman, may I say that in connection with matters of organization and discipline in the force generally, as Minister of Justice, I am obliged to rely almost exclusively on the advice given by the present commissioner of the force. The force has been considerably augmented since August 1, 1930, when this government came into power. The present strength is 1,550 as compared with a strength of 1,217 on August 1, 1930. In addition to this increase, certain members of the preventive service have been taken into the force. A special selection has been made of those best fitted for duty in the service, and 350 members of the preventive service will be taken into the force. When introducing the resolution I stated that upon the completion of the whole program the total force would number 2,000 but I now find it will number 2,010; the mounted police numbering 1,660 and the preventive service, 350.

As the committee is well aware, we have taken over the police forces of six provinces, whereas in the past we policed only the province of Saskatchewan. Major General MacBrien, an officer of very great ability and experience, has informed me that in his opinion it will be necessary to have someone promoted to the rank of deputy commissioner. It is true that at the present time there are four or five assistant commissioners scattered throughout Canada, but in the opinion of the commissioner it is necessary to have someone in command or control when he himself might be absent on police business. This will not involve any material increase in expense as the present senior assistant commissioner at Ottawa will be promoted to the rank of deputy commissioner and, speaking offhand, I do not think there will be any increase in salary. This deputy commissioner will have the power and authority to act as commissioner when the commissioner finds it necessary to be absent from Ottawa.

[Mr. Lapointe.]

Mr. HEAPS: Can the minister advise the committee as to the number of men taken over from the provincial governments?

Mr. GUTHRIE: I have not the number, but I have the amounts to be contributed by the different provinces which give a fair idea of the number of men involved, as, generally speaking, it is computed at the rate of $1,000 per man. The province of Alberta will pay $225,000 per annum, which would be about 225 men; Saskatchewan, $250,000; Manitoba, —this is marked "estimate"—$125,000; Nova Scotia, $125,000. This memorandum was prepared before the New Brunswick and Prince Edward Island agreements were signed, but my recollection is that the amount for New Brunswick is $125,000 and for Prince Edward Island, $15,000. In Prince Edward Island there will be fifteen men; in New Brunswick, either 100 or 125; in Nova Scotia, 125; in Manitoba, 125; in Saskatchewan, I would assume, 250, and in Alberta, 225.

Mr. HEAPS: Does the figure of 2,010, which the minister has given, include all the men taken over?

Mr. GUTHRIE: All the men.

Mr. EULER: How many members of the preventive service have been incorporated in the mounted police, and is that process completed?

Mr. GUTHRIE: The Department of National Revenue has selected the list and submitted the names to the commissioner of police. He is engaged now in making his selection; in fact, I think he has pretty well completed it. There will be approximately 350 men taken from the preventive service into the police.

Mr. RALSTON: Out of how many?

Mr. GUTHRIE: I think 250 will not be required.

Mr. GRAY: Did the Department of National Revenue recommend the men to be taken over by the commissioner?

Mr. GUTHRIE: They made the selection and submitted it to the commissioner. Unless there be any serious reason in regard to any particular man, no change is made in the selection submitted by the Department of National Revenue.

Mr. EULER: Perhaps I should ask the question of the Minister of National Revenue when we come to his estimates, but what connection will remain between the Department of National Revenue and these men who

have now become members of the mounted police? The work in connection with the prevention of smuggling and so on is done in the Department of National Revenue. I should like to know what part, if any, in the administration of that work still remains with the Department of National Revenue, and how they work together with the mounted police.

Mr. GUTHRIE: I think we are taking it all over except one branch. We are taking over the marine service, the special investigation branch, the secret preventive service branch, and the air wing, but one small section, which I think is called the investigation branch, is to remain in the Department of National Revenue. It is really the preventive branch pure and simple that we are taking over; that is for the prevention of smuggling.

Mr. EULER: Is there any overlapping of authority between the two departments?

Mr. GUTHRIE: No.

Mr. EULER: May I take it that the mounted police will be entirely in charge of the prevention of smuggling?

Mr. GUTHRIE: They will be entirely in charge.

Mr. VENIOT: Take the case of an international bridge. For instance, there is the St. Stephen international bridge between Calais, Maine, and St. Stephen, New Brunswick. We have on the Canadian side an officer and I think there is a customs house at the end of the bridge. Will the mounted police have anything to do with that or will the men be replaced by the mounted police?

Mr. GUTHRIE: If a preventive officer is there at present—and I think there is one—that man will be taken into the mounted police, but he will likely be continued at his post.

Mr. HEENAN: Can the minister tell us the difference between the wages which these preventive service men are now receiving and those which they will receive when the transfer is made?

Mr. GUTHRIE: I am not sure whether I could state that definitely. When the estimates are under consideration I shall be in a position to do so, but my impression is that they are taken on at police pay. A policeman, on being recruited, receives $2 a day with, of course, allowances; he gets his clothes and his board. After some years' service that pay is increased and naturally it is increased with the various ranks as he goes up. But I cannot now say definitely just how the pay in the preventive service compares with that in the mounted police service, although I shall get that from the commissioner when the estimates are before the house.

Mr. WOODSWORTH: Since the provinces have agreed to this arrangement, I suppose one can hardly raise objection in this house, although I should point out that it was because of the straitened circumstances in which the provinces found themselves that this arrangement was consented to. The other day the Prime Minister told us that this would involve a saving especially in overhead, and yet I note now that already we are being asked to extend the expenditures connected with the overhead. According to a return brought down a few weeks ago I notice that in this department we have already four civil servants receiving from $4,000 to $4,900 and one, I presume the commissioner, receiving $12,000 or over. It seems rather strange with these already high salaries and with the claims made recently that the members of this force should not receive any cuts, that another highly paid official should be appointed.

I wish to point out what seems to me a very great danger of centralization of the police force of this country. I hope I am mistaken, but I think this looks in the direction of military repression. We have under our eyes the spectacle of the transformation of a police force into a military force. The other day the Prime Minister suggested that the Royal Canadian Mounted Police was, in essence, a military force and it ought to come under the same provisions and exemptions as would such a force. At least that is what I took from the statement he made. I am very much afraid that with a central authority at Ottawa we may develop an arbitrary method of dealing with the existing situation which may prove to be disastrous. We have already had brought to our attention in the last few months the spy system which has been adopted by the Royal Canadian Mounted Police. Under this spy system officers of the police disguised themselves and for long years carried on inquiries within certain organizations. Frankly, I am particularly concerned with the effect upon the labour organizations. Several years ago one of these police spies actually worked his way up until he became secretary of a labour union and a delegate to the Trades and Labour Council of Regina. He was a member of the communist organization, but he also became secretary of a labour union. I object to labour being considered dangerous in character and to having govern-

ment officials push their way into trade union or other labour class organizations in order to spy upon them. If we are going to do that with regard to labour organizations, we are equally justified in doing it with regard to certain large companies such as banks and so forth. I fancy the latter are much more dangerous to the welfare of the country at large than are the labour organizations. Personally, I want to express my disgust at the despicable methods which in the past both under this and under the past administration have been adopted in developing the spy system. I do not know whether it still prevails or not, but a few years ago we had the police employing people from American detective firms under the Royal Canadian Mounted Police and turning these men into provocative agents. Again and again when visiting in the mining camps in the west I have had labour people come to me and say: If there is any suggestion made in the way of provoking trouble be careful, because that suggestion comes from an agent of the government. I say, Mr. Chairman, that that method is beneath contempt. That officials operating under a government department should deliberately set about to provoke action and then afterwards lay charges against those who follow their lead, revolts one's sense of decency. It came out in connection with some of our Winnipeg troubles a few years ago that a certain constable in the Royal Canadian Mounted Police had actually sold literature which he knew to be banned in order to lay charges against those who subsequently handled that literature. I think that a situation of that kind should not be tolerated.

Further, I note that there is to be provision made in this bill—I might as well mention it now because I do not want to take up an undue amount of time—for the enlistment of constables without pay. Either that means, I take it, that we are going to adopt press gang methods and force people to carry out certain police duties without pay, or it means that certain privileged people are to have the right to work in a general way under the police force without having to assume any very great responsibility for their personal actions. The Secretary of State told us a few weeks ago of an occasion when he had to stand off the civil and provincial police in the city of Montreal at his election booth. Now I can readily understand that if this bill is adopted it might very well be that certain people would exercise a very decided influence in political and industrial matters, and armed with the power of the law, although receiving no police salary, they would be able to dictate to the private citizens what could be done, and themselves be immune, having special privileges. I object to any provision of that kind.

Further than that, we were told by the Minister of Justice just now that the commissioner desires to be out of the city in the performance of his duties. I have no objection whatever to that, but I do think it is highly desirable that the commissioner should restrict his activities to his police duties proper. A few weeks ago Major-General J. H. MacBrien, the present commissioner of the Royal Canadian Mounted Police, was reported to have said when addressing a "Vimy night" gathering in Toronto:

> It is notable that ninety-nine per cent of these fellows—

He was speaking of the communists:

> —are foreigners, and many of them have not been here long. The best thing to do would be to send them back where they came from, in every possible way.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: He continued:

> If we were rid of them, there would be no unemployment or unrest in Canada.

I do not hear the hon. gentlemen who said "hear, hear," earlier on, endorsing that statement. My point is that whilst it is perfectly competent and fitting for any member of parliament to express his views with regard to the communists, it is not fitting that the head of the mounted police should so express himself in public gatherings.

Some hon. MEMBERS: Why not?

Mr. WOODSWORTH: I will read an extract from an editorial in the Western Producer of April 21 last, commenting on this speech as reported:

> These remarks are strongly reminiscent of a certain brand of irresponsible politician, and in uttering them the commissioner did not distinguish himself as a public servant, nor contribute in any degree whatever to the solution of the difficult problems of the hour. On the contrary, if he really believes what he is reported to have said, he reveals himself as a very foolish and amazingly uninformed man. Of the many suggestions for curing unemployment, Commissioner MacBrien's should rank among the first for ineptitude and silliness. Apart from this aspect of the incident, however, it would seem to be much more fitting for the head of our police force, in his public actions and remarks, to direct his attention to the enforcement of the multitude of laws which are already on the statute books rather than to join the ranks of that huge army of busybodies who never weary of demanding new enactments so that their petty prejudices might be elevated to the rank of public nuisances by receiving the sanction of law.

I will quote one other paragraph which I think contains the core of the whole matter:

> It is of primary importance that the public should have implicit faith in the absolute impartiality of the police, and that anything which has a tendency to shake that faith should be avoided.

I heartily agree with that position. I believe it to be absolutely sound.

Mr. STANLEY: There is no doubt about that. But why is the hon. gentleman trying to shake public faith in the police?

Mr. WOODSWORTH: I am trying to shake faith in a commissioner who will get up and make such partisan statements as that.

Mr. STANLEY: Would the hon. gentleman do away with the police force?

Mr. WOODSWORTH: I hope the hon. gentleman does not believe me to be as silly as the police commissioner is reported to have been.

Mr. QUINN: What does the hon. member mean by partisan? Partisan so far as the communists are concerned?

Mr. WOODSWORTH: Perhaps instead of saying a partisan statement, I should have said an ex parte statement. Perhaps that would have been more correct and would appeal to my legal friends opposite. I say that undoubtedly it is advisable that in this country we should maintain law and order.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: My hon. friends agree, but I want to suggest that the maintenance of law and order may readily be interpreted to be the maintenance of the status quo, and that is another matter altogether.

Mr. MACDOUGALL: May I ask the hon. member a question? So far as his sympathy with labour is concerned I fully appreciate everything that he has said in that regard.

Mr. WOODSWORTH: I have the floor, Mr. Chairman.

The CHAIRMAN (Mr. Hanson, York-Sunbury): If the hon. gentleman does not permit a question—

Mr. WOODSWORTH: I thought it was a statement that was coming, but if it is a question—

Mr. MACDOUGALL: It is a question. My hon. friend has spoken of law and order. Only a little while ago—

Mr. WOODSWORTH: That is not a question.

Mr. MACDOUGALL: All right. I will reply to you when you are through.

Mr. WOODSWORTH: I have no objection to that whatever. As I was saying, Mr. Chairman, the maintenance of law and order is something very different from the maintenance of the status quo, and it does seem to me that there is room and need for a very decided agitation to change the economic conditions that prevail at the present time. After all, a government that cannot arrange matters so that the people can be fed is not going to claim for very long the loyalty of the population. I think we have to recognize that. There is even something to be said with regard to those who are trying to bring in reforms by means of force.

Mr. COWAN (Long Lake): By means of force?

Mr. WOODSWORTH: Yes. There is something to be said on their behalf. They have a certain weight of historical evidence in their favour.

Mr. STANLEY: The communists?

Mr. WOODSWORTH: I said that those who are advocating the bringing in of reforms by means of force have a certain weight of historical evidence in their favour. Someone has expressed it thus:

> No nation ever became truly great save by successful sedition and revolution. The lamp and the torch and the tumult have overcome tyranny. The signature of King John was placed to the Magna Charta, wrenched from him by the nobles; revolution led King Charles to the block; the corn law riots—these were crimes against the law and sedition, but no one hangs his head in shame because of them. "Liberty, equality, fraternity," were no mere catchwords as in the French revolution, but the expression of the earnest striving for the substance that lies behind the words.

When I began reading I heard someone says, "communist." No; although this article is very much in harmony with communist teaching the remarks contained therein were reported to be uttered by Mr. R. B. Graham, K.C., police magistrate in my own city of Winnipeg. On that occasion he was proposing a toast to England, and Mr. Jackson Dodds of the Bankers' Association was presiding. I respectfully suggest that when men of outstanding ability and position back up the idea that we must bring about reforms by force it is not very much wonder that communists

and others echo the words. I want to say I refuse to accept that point of view; I refuse to accept it. If I believed it I presume I would join the communists.

An hon. MEMBER: Why do you talk about it?

Mr. WOODSWORTH: I have refused to accept that point of view. I have the firm conviction that in international affairs war does not bring peace. I have held that view for some years, and still believe in it. I believe further that in these days when our delegation is at Geneva at the disarmament conference this country ought not to wait until somebody else takes the lead, but that we ought to be in the very forefront in urging disarmament, and ourselves setting the example by giving up armaments. I do not believe international affairs can be settled by war, that war brings peace or that armaments are in any way an assurance against war.

So in national affairs, I do not believe repressive measures develop respect for law. In England most of the constables are armed with bludgeons; they are not allowed to carry guns. In the United States they carry guns, and there is much less respect for law and order in that country than there is in old England. It seems to me we are in danger of following the lead of the United States, and I believe honestly—and that is the reason I am bringing this matter up—that if we adopt repressive measures we are bound to reap results in a saturnalia of lawlessness throughout the country. If people think they can bring about reforms only by riots, and if they are refused opportunities to parade or to hold public meetings, if they are hounded, and if they are spied upon the inevitable result will be that the movement will be driven underground, and we will see in Canada the same conditions that resulted in Russia when the Czar undertook to keep his people under.

I believe economic justice is the only basis of permanent stability in society. In my judgment we have not that justice. Before I sit down I should like to read an article I came across a few days ago which appeared in The Nation—I believe it is the Irish Nation—under date of May 2, 1931. I call this article particularly to the attention of some of my Roman Catholic friends who are inclined to be very much afraid of anything in the shape of communism, because they fear it will in some way interfere with private property.

Mr. MACDOUGALL: From what is the hon. member quoting?

[Mr. Woodsworth.]

Mr. WOODSWORTH: The Nation of May 2, 1931. It is as follows:

> Recently Reverend Doctor P. Coffey of Maynooth writing in The Clergy Review stated a discovery he had made. It was that the present economic organization of humanity committed that moral wrong so long charged against communism, namely the denial of the right of private property. For that doctrine communism has been condemned as the enemy of the natural as well as the divine law. And capitalism has for centuries called the churches to its defence on the grounds that it not only admitted but was based on this right of private property. Doctor Coffey finds it to be based on the very opposite:
>
> "This grave discovery," he says, "has been made and demonstrated in recent years by scientific analysis of the policy which actually directs the financing of industry. . . . The proletariat (are) kept in propertyless dependence on a money wage that intermittently provides them with a bare subsistence. . . .
>
> The fact that the system prevails in Christian countries does not make it Christian. The fact that it automatically deprives the preponderating majority of the adult citizens of all real opportunity of ever becoming private owners of productive property proves it not to be a system of private capital ownership, but a system of enforced propertyless wage serfdom."

I commend those words of Father Coffey to the members of this house. What situation do we find in Canada? We are told that we have nearly 500,000 unemployed. I understand that before very long a measure is to be brought down giving authority to the government to deal with this matter. It is significant however that at the time we are bringing down relief measures we are also asking for increased police powers. I do not like it; I am afraid of it, because I say that in extending repressive measures the house would be adopting a method which sooner or later is bound to bring about serious reaction. Let us consider a few illustrations of the last few days. Only this morning I received a telegram from the west stating that certain men had been apprehended by the Royal Canadian Mounted police, and were being summarily deported. I am trying to get the details from the Department of Immigration. If however we are to adopt the method of simply picking up people and deporting them after merely departmental trial, what is going to be the effect upon hundreds of people who themselves are essentially in similar positions? A few weeks ago a representative of the returned men, a representative of the men employed by the Canadian National Railways in my own city, and a representative of the management, went through a list of employees of the road to pick out those who were not yet naturalized in order that they should be dismissed, and that Canadian born

men should have preference. I have protested as vigorously as anybody against the influx of immigrants to Canada. I want to take the position however—and I believe my views are very much the same as those expressed by the minister a few nights ago—that if these people are encouraged to come to Canada or are permitted to come they should have the full rights of Canadian citizenship. I think that is in keeping with the conventions of the League of Nations.

Mr. GORDON: Provided they are prepared to conform to Canadian laws.

Mr. WOODSWORTH: Quite right. But I say it is not fair for men who have been in this country five, ten, fifteen or twenty years, honest, upright workmen—it is not fair that at this time of stress they should be discriminated against and dismissed simply because they are foreigners, and when they become a public charge that they should be deported from the country. Remember, Mr. Chairman, that almost half of our population west of the great lakes is non-Anglo Saxon in origin. What kind of a country are we going to develop before very long if we allow racial discrimination of this kind to creep in? We are going to transform that part of Canada into a regular Balkan country. If we are to build up a unified people in Canada it must be done by giving every one a chance, whatever his origin, once he has been allowed to come into this country. When I think of the positive injustice of it; when I think of the way in which immigrants have been induced to come here, leaving their old homes in central Europe, selling their property, breaking up all the connections they held dear and migrating to this "land of plenty," I have a great sympathy for them. It is not their fault that the world depression has come about, and we should be men enough and big enough to recognize that they are a part of us; we should not force them to carry too great a part of the burden.

Take another section of our population, composed of men of all the different races, the casual labourers. They were brought to this country in very large numbers. They helped build our railroads and our great construction works; they dug our sewers and did the rough work in connection with the construction of our cities. They went into the lumber camps and worked there. Now the greater part of this sort of work is finished, and I think we must recognize that probably we will never have a period of construction comparable to the period we had during the building of the three great transcontinental systems and other great works. There you have tens of thousands of transient, unskilled labourers thrown upon the labour market. They form a great part of the people who today are in our bread lines and soup kitchens. I do not much wonder that these people are getting restless. They have been told again and again that prosperity is around the corner but now they have waited two or three years. They were told that when the spring opened up everything would be well, but last spring opened up and things were no better than they were during the previous winter. Now these men are beginning to say, "Well, what about us?" We say they should be put into camps, and in my opinion they will be better in camps, as I suggested the other day, than they will be hanging around the cities. But the tendency seems to be to put them in camps and pay them a mere pittance, on which they can never hope to become independent. I urge that if you take thousands of these men and force them to live in idleness and in celibacy week after week, month after month and year after year, their moral fibre will be sapped, and that sort of group of men will become a menace to the community.

I am taking this opportunity, Mr. Chairman, to say that in this parliament we ought frankly to face the serious situation that is before us. Instead of further increasing our police force and adopting other repressive measures of that kind we should bend all our energies to giving these men an opportunity. Once you have a contented citizenship you will not need police except in the case of the very rare man who is abnormal in his whole makeup. If we have justice in this country and if there is a chance for people to earn an honest livelihood we will not need the increases which are asked for in this measure.

Mr. MACDOUGALL: When my hon. friend was speaking I did not wish to interrupt, but as one who has actually done some work in his day and who has associated with labour I feel that my hon. friend from Winnipeg North Centre is not half as competent to speak for labour as is the average member of this house, whether he be Liberal or Conservative. I doubt very much if a drop of honest sweat, occasioned by labour, has fallen from the brow of my hon. friend for the last twenty-five years; if it had it would have been as priceless as a positive cure for cancer. These be the gentry, the men who never worked, who in the House of Commons represent labour.

Mr. WOODSWORTH: I think in all fairness, Mr. Chairman, statements that are absolutely untrue should not be made in that way.

Mr. MACDOUGALL: They have not been challenged yet.

Mr. WOODSWORTH: I challenge them now.

Mr. MACDOUGALL: Very well; then we find this, that my hon. friend stands as the representative of labour to-day and denies to anyone else the right to say anything in regard to labour.

Mr. WOODSWORTH: Not at all; I quite agree that my hon. friend has a perfect right to speak for labour, because labour elected him.

Mr. MACDOUGALL: Yes, and if they knew my hon. friend as well as they know me I have no doubt what their selection would be. But I say this: When my hon. friend discusses the aspirations and aims of organized labour throughout Canada he will get no support stronger than the support I will give him, but I do not think he should exclude anyone else who wishes to say a word on that subject. The hon. gentleman says he did not intend to do so; I made a note of his speech, and that was the inference I took from it.

Now I should like to say a word in regard to communism, of which the hon. member made a very poor defence a moment ago. I am not a communist; I do not believe in communism, and the church to which I belong does not believe in communism. That point was called into question by my hon. friend opposite. Now I want to ask my hon. friend if he believes in communism or if he is a communist. Will he be courageous enough to stand up in his place and answer that question? I will resume my seat and give him an opportunity to do so. I pause for an answer.

Mr. WOODSWORTH: Does the hon. gentleman really want an answer?

Mr. MACDOUGALL: Certainly.

Mr. WOODSWORTH: I will have to take a moment or two to answer that question, if I may be permitted to do so.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): May I point out to the committee that in my opinion this discussion is quite apart from the question under consideration?

[Mr. MacDougall.]

Mr. WOODSWORTH: I am very willing to answer if I am given an opportunity.

Mr. MACDOUGALL: All I want is yes or no.

Mr. WOODSWORTH: The whole question depends upon—

Mr. MACDOUGALL: Yes or no.

Mr. WOODSWORTH: I am reminded of the man who asked, "Have you left off beating your wife—yes or no? This is a question of that kind. I may say I do not belong to the communist party.

Mr. MACDOUGALL: I did not ask whether you belonged to the communist party; are you a communist—yes or no? The hon. gentleman, who according to himself is the custodian of the rights of labour in this house, was the only man in this parliament who suggested that the unemployed should be conscripted and made to work for a dollar a day. Let any person in this country read the records of this house and it will be found that this statement is absolutely correct.

Mr. WOODSWORTH: In order to keep the record straight I say that this statement is incorrect.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): My hon. friend will have an opportunity to reply later.

Mr. MACDOUGALL: Let us get back to the question before the committee. My hon. friend takes very serious objection to certain increases in the personnel of the Royal Canadian Mounted Police. I ask him, or any other member of this house, this question: What do the Royal Canadian Mounted Police do but provide security for the homes of myself and my hon. friend who has just spoken? After all, the law is a danger only to the evildoer; no one need be afraid of the maintenance of law and order. The hon. member some weeks ago criticized the present Minister of Justice because at a certain meeting at Geneva, if I mistake not, he said that we maintained a police force to enforce law and order so that every man, irrespective of whether he was a Labour representative, or a Conservative or a Liberal, might have security in his own home. In regard to the single officers, I would ask the Minister of Justice whether it is fair that the salaries of the Royal Canadian Mounted Police who are now doing the work of preventive officers should be reduced from $1,500 to $700 a year.

Mr. GUTHRIE: I do not think there is any intention of such a reduction.

Mr. COWAN (Long Lake): The hon. member for Winnipeg North Centre (Mr. Woodsworth) evidently does not know anything of the Royal Canadian Mounted Police. I do not know where he gets his information. It is my privilege to have associated with this body of men for forty-five years, and during the time I have lived in their headquarters in Regina I have met every commissioner, and I can say that I have never come across finer men. The present commissioner's opinions and his citizenship are as satisfactory to me to-day as are the opinions of the Western Producer. I would not read that paper anyway. Let me remind the hon. gentleman that the majority governs in Canada, and not the minority whose opinions he voices. He does not seem to get that into his head.

During the time I have known the mounted police I have met dozens of superintendents and hundreds of constables, having been associated with them not only at headquarters but in detachment camps. I therefore know something about the men who enforce the law, and I can say that they administer it impartially, justly, wisely and well. Anyone who has had the experience my hon. friend has mentioned deserves what he gets.

There are two opinions with regard to the force: one opinion is that of ninety-five per cent of our people, and we respect and honour that majority; the other opinion is that of the five per cent who make up the thieves, scoundrels, skunks and villains, and they do not like the force. I would get into better company if I were the hon. gentleman; let him come across and sit with us. We recognize the fact that the majority of our people rule and make the laws that govern Canada.

Let me take you back to the year 1911. I happened to be the Conservative candidate in Regina against the Hon. Mr. Martin, and he licked me by one thousand. Since then we have been personal friends, and no better man than he could be found in Canada. Well, when the Conservatives came into power the patronage fell to me—and patronage was patronage in those days. It was not like the Civil Service Commission; we did business in a businesslike way. Shortly afterwards a delegation came to my office from the new village of Ceylon, and told me they wanted to get a detachment of mounted police in the town. It occurred to me that perhaps the delegation wanted extra business that would result from having a detachment there. I told them that, of course, the force was not maintained for commercial purposes, and I asked what they wanted a detachment for. They told me they had a nest of very bad men in the town, men who had come across from Montana and established themselves there. They were rustlers of every kind, and the people of the town did not like the look of them. They were the worst type of men and the delegation wanted a detachment to drive them out. The women were afraid to go out at night. I called in the commissioner, whom I knew every well, and repeated what the delegation had told me. He said he would look into the matter and do whatever he thought was necessary. When the commissioner made that statement I knew that whatever was necessary would be done, and so I forgot all about the matter. A month or so afterwards the leader of the delegation came back to my office and said that he wanted to thank me for the police protection I had been instrumental in providing. I asked him whether the detachment had gone down. He said in reply, "I don't know what you call a detachment, but they sent down one man and he cleaned up the place." I was astonished; I asked what he had done. What had happened? This man then told me: "Well, as soon as that bunch of thieves and skunks and scoundrels got sight of a redcoat they took to their heels and beat it back to Montana. They did not stop to gather up their belongings but just cleared out, and we have never heard of them since." I asked whether one man had done all that? Did he have any gun? No; he just walked into the place and these scoundrels from Montana simply cleared out. They knew that if they dared to interfere with that one man in the scarlet coat he would settle them singlehanded or, if the whole bunch got the best of him, then the full force of the British Empire would be there to vindicate British authority.

I say to my hon. friend that the majority of the people in this country are determined that authority and justice shall prevail. If the hon. gentleman does not like British justice and authority, then he had better continue to talk as he has been talking.

Mr. ILSLEY: Am I correct in understanding that out of about 600 members of the preventive force, 350 have been taken over by the mounted police?

Mr. GUTHRIE: Have or will be.

Mr. ILSLEY: Could the minister advise the committee as to the basis of selection?

Mr. GUTHRIE: The selection is made by the Department of National Revenue accord-

ing to the record of service. The recommendations of the department are submitted to the commissioner, and I think in almost every case they have been accepted.

Mr. ILSLEY: My information is that political considerations have entered into the selection of these officers. Before I go any further, I should like to ask if that has been the basis of selection in the past?

Mr. GUTHRIE: It has had absolutely nothing to do with it since August 1, 1930.

Mr. ILSLEY: How does the force select its new recruits?

Mr. GUTHRIE: A man first makes an application; he is then examined by a competent board and if he meets with the educational, physical and mental requirements of the force and there is a vacancy on the force, he is accepted.

Mr. ILSLEY: I desire to bring to the attention of the minister a case in my constituency which I consider to be one of absolute injustice. I do not believe in taking up the time of the committee or the house in discussing individual cases, unless they strike me as being absolutely unjust. A few moments ago the minister said that the selection from the preventive service was based upon the records of the men. In one of the towns in my constituency there resides a young man who has been a member of the preventive force for the last three or four years. Perhaps before I go any further the minister could advise if access could be had to the records of this man?

Mr. GUTHRIE: I will have no objection to giving the record to my hon. friend, but I do not think I would like to state it in the committee.

Mr. ILSLEY: I shall call and look at the record but I am very sure that there is nothing against this man. He is a fine type of preventive officer and is well spoken of where he lives and does his work. He has a wife and five children and has attended to his duties carefully and well since his appointment. In the same town resides another man who was appointed to the preventive force very recently and who has had no service at all. I cannot tell the minister just how many days' service he has had, but it does not amount to anything. The first man finds himself let out while the second man has been taken into the Royal Canadian Mounted Police. In this case the selection could not have been made upon the service record. The first man belongs to the Liberal party while the second man belongs to the Conservative party and took an active part during the last elections. It is currently reported that this man has been appointed as a reward for the work he did during the elections. That is what the people in that town and I believe, and I am calling this instance to the attention of the minister because of the fact that the people in that part of Nova Scotia believe that for the first time in its history that the Royal Canadian Mounted Police is recruiting its force on political consideration.

Mr. GUTHRIE: The case mentioned by my hon. friend has never been brought to my notice. If he will give me the name I will have the record placed before him. I might say that I have never been consulted by the commissioner in regard to a single appointment. The commissioner is now in the gallery and I suggest to my hon. friend that he go and discuss this case with him.

Mr. ILSLEY: I would point out that the commissioner would not have anything to do with these appointments, it would be the Department of National Revenue.

Mr. GUTHRIE: The commissioner would be the man who would finally make the appointment. In response to a question asked the other day, I submitted a list of 49 names, but I have not been consulted about one name. My only information as to the method of selection is that it is made on the grounds of meritorious service in the department. The names were submitted to the commissioner by the department and if for any reason unknown to me he sees fit to reject any particular man he does so, but he does not refer to me.

Mr. ILSLEY: It is obvious from what I have said that no blame attaches to the Minister of Justice (Mr. Guthrie) or to the commissioner of the Royal Canadian Mounted Police; the blame attaches to the person or persons in the Department of National Revenue who made the selection.

Mr. GUTHRIE: I do not know that there would be any blame as the record may disclose something.

Mr. ILSLEY: I will change that: the blame, if any, would attach to the Department of National Revenue. Of course, the commissioner is limited to the list placed before him, which list does not embrace all the officers in the preventive service. I am challenging the making up of that list. I have other instances in mind, but I have

confined myself to this particular one. I have no objection to giving the name. The preventive officer who has the record of good service is Willard Wood, while the man who has only had a few days' service, and who could not have been taken in on the basis of service, is George Churchill. I am not saying that Churchill will not make a good officer, but so far there has been nothing to indicate whether or not he will. I have not had access to the files but I would be very much surprised if there is anything against the record of Wood. I think the same would be true of other preventive officers in the province of Nova Scotia who have been let out.

Mr. MOORE (Chateauguay-Huntingdon): I think the hon. member for Hants-Kings (Mr. Ilsley) is absolutely wrong in his inferences, and I base that statement upon the experience I have had in my constituency. I understand that the ratings of the men are based upon the reports of the divisional chiefs. The general record of this man Wood may have been good, while his rating for efficiency may have been poor. I think the divisional chiefs base their idea of a man's efficiency upon the number of seizures he has been able to make.

Mr. VENIOT: Not at all.

Mr. MOORE (Chateauguay-Huntingdon): I have seen some of the records and I know the men in my constituency.

Mr. LAPOINTE: That is a poor basis.

Mr. MOORE (Chateauguay-Huntingdon): There are eight preventive officers in my constituency, all Liberals with one exception. Although one man has a record of drunkenness, they are all being put on the force. I have seen some of these reports and I know that one of the men who has been the longest in my constituency has the best record for efficiency, but it does not follow that he would be at the top of the list sent in to the commissioner. The divisional chief, for some reason or other—I have not been able to find out what it was; but I know it is not a bona fide one—reported adversely. This man has been under my observation for some years and he has the worst rating of any. In my division there are a couple of men who have been bootlegging. They happen to be Liberals.

Mr. JACOBS: Not all Liberals are bootleggers.

Mr. MOORE (Chateauguay-Huntingdon): No, I hope not.

Some hon. MEMBERS: Order.

Mr. MOORE (Chateauguay-Huntingdon): I have spoken because I really believe the hon. member for Hants-Kings is wrong in his inferences and interpretation.

Mr. MERCIER (St. Henri): How does my hon. friend know?

Mr. MOORE (Chateauguay-Huntingdon): I know from observation.

Mr. MERCIER (St. Henri): It is a special case.

Mr. MOORE (Chateauguay-Huntingdon): Yes, but he mentioned several cases. I do not mean to say that things of this kind do not happen occasionally. I am sure they have happened quite frequently under the late government; we know they have, and of course they may happen under the present government. But to blame the service for sending in men with bad ratings because they happen to be Conservatives, is positively wrong. If they were placed in the service on that basis, some in my district would have been cleaned out, and they are all in the service.

Mr. ILSLEY: I would not have brought the matter up had it not been for the fact that the man, Churchill, has had practically no service at all. Therefore I do not see how he can be kept on unless the other man is also, as the latter has a good record.

Mr. VENIOT: Will the money collected by the preventive service or the mounted police be directed to the Department of Finance or to the preventive service branch at Ottawa?

Mr. GUTHRIE: The money collected in fines or penalties or seizures goes into the general funds of the country, less a commission that is allowed under our Excise Act, and I think in customs cases too, to the informer. That commission used to be 50 per cent; it is now reduced to 25 per cent, and the balance goes into the consolidated revenue fund.

Mr. YOUNG: Is it true that the mounted police will not engage a married man?

Mr. GUTHRIE: Generally speaking, that is true. A certain percentage of married men is allowed on the establishment, and that percentage is generally filled to the limit. The regulations provide that for recruiting purposes only men between twenty-two and twenty-eight years of age, unmarried, are accepted, but there is at Ottawa a division of the mounted police known as "A" Division where the men are used not so much for police work as for the guarding of buildings and the like. In that division married men are

allowed. As a consequence, the applicants for it are very numerous; there is a long waiting list, but for ordinary recruiting purposes the age is from twenty-two to twenty-eight, unmarried.

Mr. BROWN: In the selection of men for the preventive force, will the fact of their being married or otherwise be taken into consideration?

Mr. GUTHRIE: I think that has been omitted in the preventive force on account of the previous record of these men in the department.

Mr. MERCIER (St. Henri): If men marry while on the force, will they be dismissed?

Mr. GUTHRIE: They cannot, without obtaining permission, get married and remain on the force and they are not entitled to obtain that permission until they have been in the service for a considerable time, I think twelve years.

Mr. YOUNG: I believe the object in making that regulation was to keep the force as mobile as possible. That was in the days of the purely mounted police when they were policing a vast, unsettled country, but now with the provincial police force taken over, most of the men will be permanently located in certain places. Will it not be possible now to alter that regulation to some extent?

Mr. GUTHRIE: The question of expense enters largely into the matter of a married establishment. A married man receives allowances for his wife and family and he has to have family quarters just as is the case in the army. It is more expensive to maintain a force where a large number of the men are married. There is, however, no permanent place of residence in connection with any of these forces; they may be moved around at the will of the commissioner, and when you come to move married men with their families, you have to pay the expense of moving which is very considerable.

Section agreed to.

On section 2—Appointment of constables, trumpeters and buglers.

Mr. LAPOINTE: What is the purpose of appointing boys as trumpeters and buglers? I do not see the usefulness of trumpeters and buglers in a police force. I am afraid the hon. member for Winnipeg North Centre is right in saying that possibly the commissioner does not forget his former prominent activities as head of the Canadian militia. I quite understand the necessity of trumpeters and buglers in military camps, but in a police force—

Mr. GUTHRIE: I am afraid my hon. friend has forgotten his own record as Minister of Justice in charge of this force.

Mr. LAPOINTE: I do not think I ever appointed buglers.

Mr. GUTHRIE: I am sure the hon. member did.

Mr. LAPOINTE: I do not remember doing so.

Mr. GUTHRIE: He will find them in Regina.

Mr. LAPOINTE: My hon. friend may be able to show where I have done this awful thing, but if I have, I am sorry for it, and I would advise my hon. friend not to follow my example because it is certainly wrong.

Mr. GUTHRIE: There have been buglers and trumpeters in the force for many years, but they have grown old. The idea is if you take on a trumpeter or a bugler, you ought to take on a young man, as is done in the army. We have had a number of applications from lads of fifteen, sixteen or seventeen and we cannot accept them because the minimum age is twenty-two. It is the young lads who make the best kind of buglers and trumpeters. There is no idea of increasing the force; possibly one or two only will be taken on. There is no power, under the act as it stands at present, to recruit young lads.

Mr. LAPOINTE: The words in the clause are new. Were the present buglers and trumpeters appointed without authority?

Mr. GUTHRIE: No. They were recruited in the ordinary way; men from twenty-two and older were made into trumpeters and buglers, but this is to meet the case of young lads who desire to join as trumpeters and buglers.

Mr. LAPOINTE: But to what use are they put?

Mr. GUTHRIE: They have always had them in the force. It must be remembered that the mounted police is trained on a military basis, more like a cavalry regiment and in such regiments trumpeters and buglers are looked upon as an absolute necessity.

Mr. JACOBS: Not for the preventive part of the service, I hope; they will be notifying the smugglers.

Mr. GUTHRIE: That might be a good thing. This is asking power to enlist only one or two boys.

Mr. LAPOINTE: All right. As regards subsection (4) I should like to know the reason for giving the commissioner authority for employing in emergency cooks, stenographers, tailors, interpreters and so forth? What kind of emergency would necessitate the appointment of cooks and tailors "for such periods as may be required"?

Mr. GUTHRIE: The object is to avoid swearing them in and making them permanent members of the force. In case of an emergency at some distant point we might have to equip an expedition to go almost up to the Arctic circle, and in such cases heretofore it has been the custom to take on special men. I think the note on page two explains the position. This provision is being inserted at the request of the commissioner to enable the police to take on such cooks and artisans as may be necessary for any particular work without enlisting them as members of the force, and it is provided that they shall not be entitled to anything in the way of pension unless they are recommended for special merit by the commissioner.

Mr. LAPOINTE: Subsection 6 of section 2, respecting the appointment of special constables without pay, seems to be an extraordinary provision. It provides that the commissioner may—

—appoint without pay special constables . . . for a period not exceeding twelve months at any one time for the purpose of maintaining law and order at the request of any department of the government.

Surely an emergency that would last for twelve months would not be far from becoming a permanent situation, a chronic emergency. Is there not some danger in authorizing the commissioner to appoint men without pay for a period of time as long as twelve months, men who will have the rights and the privileges of a constable or police officer, with power to arrest without warning people who are suspected, as constables can do under certain sections of the criminal code without being liable to damage action, and with power to interfere generally with other people's activities? I do not know that under the section it would not even be possible to appoint the friends of one party as special constables to go into political meetings and interfere with what the other party was doing. There is some danger there. It is important to have a good, strong regular police force, but we should surround that force with respect and consideration. We should not give to people appointed at large, merely at the will of the commissioner, supposedly on the recommendation of somebody, power to interfere with other people and clothe them with all the authority of a constable or police officer. My hon. friends should give good reasons for the enacting of this very special provision.

Mr. GUTHRIE: The object is in case of an emergency in what you might call a more remote part of the Dominion of Canada, where sometimes large bodies of men are employed at mining and the like; where for some reason or another there maye be an outbreak against law and order, and where the police force may be very limited. The place might be so remote that it would take considerable time to get a respectable force of men sent there to preserve law and order. This merely gives power to swear in special constables.

Mr. WOODSWORTH: Does that mean that the management of the company is to be sworn in and given positions as special constables?

Mr. GUTHRIE: It does not mean that.

Mr. WOODSWORTH: Who is likely to be sworn in?

Mr. GUTHRIE: It is permitted only on request of a department of the government, and only under the administration of a very competent officer, the commissioner of the Royal Canadian Mounted Police. There is no idea or intention of abusing any power that may be given to this force. Of course, you may abuse almost any law, particularly any restrictive law, that you place on the statute books. But the object is not to abuse the law, but simply to see that it is fairly and generally administered. This is power to appoint constables for a limited time, at the request of a department of the government, if an emergency should arise. It is on the advice of the commissioner that this clause has been introduced. He thinks it may be useful. We are all aware that in British Columbia at the present moment a situation which may become serious has developed in the Doukhobor settlement, where some one or two hundred have already been apprehended in connection with nude parades, with respect to which we passed a special section of the criminal code last session. There are some fifteen hundred Doukhobors in the district, and a very limited police force available to maintain law and order. We do not maintain a police force in that province, but we cooperate with the local force. We have

no power at the present time to take on any special constables in case an emergency might develop. I do not say that it is likely to develop at the present moment, but it might, and in that case it would be very useful if we were able to swear in a few special constables for the purpose of maintaining law and order.

Mr. WOODSWORTH: I think we all recognize the danger of company police. I have seen company police in many industrial sections of the United States. I recall very well that when the former administration was in office the then Minister of the Interior wrote a document saying that he held the company in the particular area concerned responsible for the administration of law and order. It is a dangerous provision.

Mr. GUTHRIE: This is to take it away from the company and put it in the hands of the police.

Mr. WOODSWORTH: But under this section the police might nominate some company official and give him authority which would be arbitrarily used.

Mr. GUTHRIE: That is a very remote contingency, I think.

Mr. HEENAN: I would ask this question for information. Suppose the commissioner wishes to increase the police force at some remote point by appointing special constables without pay, and he cannot get anyone to join the force; has he the right to compel them to be sworn in as special constables?

Mr. GUTHRIE: None whatever.

Mr. WOODSWORTH: One other point. The minister speaks of this provision being necessary for remote districts. May I ask him very definitely what the object is in having in Regina a group of men known as the Riot Squad, who were signed up for duty lasting one year, and whose services may be dispensed with on summary notice? I should like to quote a few paragraphs from an article which appeared in the Regina Daily Star of January 28, 1932, entitled, "Special Riot 'Squad' Training in Regina for 'Just in Case'." The article says:

> R.C.M.P. unit formed as aftermath of disturbances.
>
> Something new in Royal Canadian Mounted Police work and an outcome of disturbances throughout the country last fall, a "riot squad," composed of men enlisted for a special period of training lasting one year is in the making at Regina headquarters.
>
> One of the principal features of his special course of training is the attention given to drill with rifles and firearms. Particular stress is laid on bayonet drill, the members of the squad receiving two periods of such drill daily.
>
> When asked the reason for the creation of this squad, Assistant Commissioner, J. W. Spalding stated that it was "just in case . . . ," and admitted it was formed as the outcome of the riots which flared at different points in Canada attributed to communists.
>
> Bayonet drill, the assistant commissioner further stated, was now, and had been since August, a part of the regular drill of all recruits. There have been more than 250 recruits taken on "the force" since August. Of these, there are some 100 now in training at the barracks. Regina is still the training headquarters for all Canada though something in the nature of a sub-training depot has been opened at Vancouver recently.
>
> A group of 20 picked men, more advanced recruits, is now undergoing special training before being sent to Lethbridge where they will be stationed or sent out on detachments as replacements. Every one of these must be particularly efficient in bayonet drill.
>
> The Star learned unofficially that a number of the men in the Lethbridge bound unit are also members of the "riot squad."
>
> The usual terms of service in the mounted is from three to five years. Those men who have signed up for the "riot squad" however, are only signed up for duty lasting one year, and their services may be dispensed with on summary notice.

I should like to ask the minister to explain the existence of this peculiar class of men whose enlistment is for only one year. What contingencies are contemplated which would make this kind of control necessary?

Mr. GUTHRIE: I think my hon. friend takes too seriously what he reads in the newspapers. The commissioner informs me there is no such thing as a riot squad.

Mr. WOODSWORTH: I have been trying for some weeks to obtain information in regard to this matter, and so far have failed; hence my bringing it up.

Mr. GUTHRIE: If my hon. friend had asked me any day I could have told him.

Section agreed to.

Sections 3 to 11 inclusive agreed to.

On section 12—Time on active service in great war included for pension purposes. Time in civil service and customs-excise preventive service.

Mr. MacLEAN: I should like to know if provision will be made for those men in the preventive service who have been let out. They have paid money into the superannuation fund; will it be returned to them?

Mr. GUTHRIE: I understand an arrangement is being made, but that is really a

matter within the control of the Department of National Revenue. My understanding is that they will receive what stands to their credit in the fund.

Mr. MacLEAN: So far as the province of Prince Edward Island is concerned, quite a number of men in the preventive force will not be transferred to the Royal Canadian Mounted Police. The chief of the preventive service, Mr. George Barbour, is being let out with a number of others. They have contributed to the superannuation fund for a number of years, and it would be most unfair to them and to other men in similar positions throughout Canada if the money was not returned.

Mr. GUTHRIE: There will be no injustice done; that has been arranged.

Section agreed to.

Sections 13 to 15 inclusive agreed to.

Bill reported, read the third time and passed.

THE ROYAL ASSENT

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

Mr. Speaker, His Honour, the deputy of His Excellency the Govenor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate,

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act to amend the Patent Act.
An Act to amend the Petroleum and Naphtha Inspection Act.
An Act respecting debts due to the Crown.
An Act to amend The Opium and Narcotic Drug Act, 1929.
An Act to amend the Yukon Quartz Mining Act.
An Act respecting the Canadian Pacific Railway Company.
An Act respecting certain patents of Autographic Register Systems, Limited.
An Act for the relief of Eva Corker Trill.
An Act for the relief of George Senkler Morgan.
An Act for the relief of Agnes May Jack Evans.
An Act for the relief of Mabel Constance Small Cossar.
An Act for the relief of Olive Pearl Beattie Watkins.
An Act for the relief of Assad Kalil Eddy, otherwise known as Joseph Canille.
An Act for the relief of Georgina Linda McIndoe Howard.
An Act for the relief of Antonio Poliseno.
An Act for the relief of Dorothy Gertrude Silcock Wilson.
An Act for the relief of Beulah Isobel Phillips Eakin.
An Act for the relief of George Seymour Dixon.
An Act for the relief of Audrey Meredith Mann Redpath.
An Act for the relief of Ethel Seigler Nissenson.
An Act to amend the Destructive Insect and Pest Act.
An Act to incorporate Lake of the Woods International Bridge Company.

41761—164½

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

The house resumed from Thursday, April 28, consideration in committee of the following proposed resolution—Mr. Gordon—Mr. Quinn in the chair:

Resolved, that it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements; to provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan; to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine; to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money by any public corporation or undertaking.

Mr. HEENAN: Is it the intention of the government to discontinue work on the highways through northern Ontario? Is there any understanding with the Ontario government in that regard?

Hon. W. A. GORDON (Minister of Labour): The highways through northern Ontario are built under what is known as the northern development branch of the province of Ontario, and money has also been spent in the past and is still being spent on what is known as the trans-Canada highway. As regards the work on the provincial roads, I have no other information than that which is probably common to all of us. I have no doubt that the provincial works there will be carried on as formerly. With respect to the trans-Canada highway, I think that the work there will be carried on this summer, and it will be

subject to the terms of the agreement that will be entered into with the province if this resolution and the bill to be founded upon it pass the house.

Mr. HEENAN: We started to connect up through northern Ontario various stretches of highway that had been constructed, and we established camps for that purpose. Very many of the existing pieces of highways we did not connect up. I have news from New Ontario to the effect that some of the camps have been carried on the basis of fifty-fifty between Ontario and the federal government. It is with regard to that part that I should like information. Is it the intention to carry on, or has it been definitely decided by the Ontario government to close them down in part this summer?

Mr. GORDON: Many of the camps that were continued throughout the winter have undoubtedly lost some of their population by reason of the men having obtained work elsewhere. So far as I know the work will be carried on this summer. The exact terms of the arrangement between this government and the province will be the subject matter of the agreement to which I have referred.

Mr. HEENAN: Newspaper items, the Minister of Justice told the hon. member for Winnipeg North Centre, should not be taken very seriously; but from reports we have, the Ontario government contemplates leaving it optional; that is to say, men who desire to go into these camps to be taken care of will obtain work at five dollars a month in addition to their board. I trust that the minister does not intend to be a party to any such arrangement. The Prime Minister said the other day, as he has frequently said, that the highways are an asset to the country. He said that they were one of the greatest factors in stabilizing what he termed the invisible balance of trade. Large numbers of tourists are coming into this country and therefore the highways are, as he says, an asset, so that this is not merely work that is gone on with for the purpose of providing employment for men. There are now many disjointed pieces of highway that could be linked up very profitably during the summer. For instance, in the riding I have the honour to represent, it would take only twenty-six more miles to connect up a point called Ignace with the town of Dyment to the west. This would give the people almost one hundred miles of highway, and it is only just to the inhabitants of that country that the work should be proceeded with. Then we have a stretch of highway that has been under construction for a number of years connecting the Canadian National on the north, that is, the old Grand Trunk Pacific, with the Canadian Pacific Railway at Dinorwic. This piece of highway is forty-five miles and a stretch of twenty-nine miles more is required. That is all that is needed to complete that highway. Surely the Ontario government and this government, now that it has undertaken the obligation of contributing to that type of work, especially when such work would be highly profitable, will not discontinue operations. Then there is the highway from Kenora to Rainy River which connects two districts, one on the north side of the lake of the Woods and the other on the south side. About sixty miles of highway would give connections to over 30,000 square miles, and this would be a worth while undertaking. The Minister of Lands and Forests of Ontario is reported in the press as having announced that he is willing to allow any of the unemployed who are desirous to go up to the camps to work eight hours a day and be paid $5 a month with board. Surely the minister must acknowledge that good work could not be expected from men working under those conditions. Is this linking up of the different provincial highways to constitute the trans-Canada highway which the Prime Minister announced that he would have completed if elected, or does he intend to build another highway separate and distinct from the provincial highways?

Mr. GORDON: Where is the road located to which my hon. friend refers?

Mr. HEENAN: The Prime Minister is reported in the London Free Press of June 25 as having made the following announcement at Cobourg on June 24:

> A national highway for Canadians. A highway in Canada not through some other country. A highway on which you can leave Cape Breton and arrive in Vancouver without going into a foreign land. Mr. Bennett declared the undertaking must be accomplished by the hands of the federal government.

Is this linking up of the provincial highways to constitute the trans-Canada highway announced at Cobourg by the Prime Minister, or does he intend to construct a national highway out of the federal exchequer?

Mr. GORDON: I have not gone into the matter with the Prime Minister. I consider that to make use of portions of standard highways already constructed is a very commendable course to follow. I do not think that the location of what will be called the trans-Canada highway has been declared in certain sections of northern Ontario, or if it has been, I have no knowledge of it. I understand that

a portion of it has been declared by the province of Ontario, moneys have been expended and the work is proceeding to completion. There is no doubt in my mind that work on roads in northern Ontario will be continued as the exchequer of the province will permit. The resolution before the committee contemplates advances being made to the provinces for general relief. If any of the provinces present plans to which we are called upon to subscribe, then we will inquire to see, in so far as we are charged with that responsibility, that the money is expended in such a way as to give the greatest possible relief to the greatest number.

Mr. HEENAN: I agree that relief must be granted, but an opportunity is presented which, if taken advantage of, will prove to be an asset to the country. I do not think these highways can be built under the plans suggested by the Ontario Minister of Lands and Forests. It would have been better for the country and better for the unemployed had this work been commenced last summer and continued through last winter and the coming summer and fall. The men would have been able to work in greater comfort, and the country would have derived a greater benefit. The Minister of Justice has told us not to take press reports too seriously, and I shall not do so when considering the reported announcement of the provincial minister. The Minister of Labour, who has some knowledge of conditions in northern Ontario, must realize that it is not proper or profitable to commence building highways in the middle of winter and then shut down for the summer time. I hope he will take this matter into consideration, because the Prime Minister said he was looking for suggestions before framing the bill so that it could be framed in accordance with the expressed wish of hon. members. I hope the Prime Minister will see that these different pieces of highway now constructed will be linked up to provide continuous communication in northern Ontario.

Mr. NICHOLSON: I should like to support the hon. member for Kenora-Rainy River (Mr. Heenan) in his plea for the continuance of work on highways already commenced. I do not intend to deal with any specific highway or discuss a route for the trans-Canada highway, or anything of that character. I know something of the work which has been started, and I know something of what has been accomplished. There are large sections of highway in northern Ontario which I take for granted will be incorporated into the trans-Canada highway when it is finally put through. Camps have been constructed, equipment has been purchased, large amounts have been expended, and this highway work could be continued to provide relief for the unemployed. However, I disagree with my hon. friend when he states that the country did not get a return for the money expended. I know that there was much accomplished during the winter months and without any suffering on the part of the men engaged in the work. It is not an uncommon thing for men in northern Ontario to be working out in the woods, on highways or elsewhere during the winter; they are accustomed to that kind of work. It is just like carrying on railroad construction work during the winter. The men had comfortable camps, good beds and food, and everything that was required. The camps are still there, and I urge as strongly as possible that the unemployed be allowed to carry on at least with the work already commenced. I cannot conceive of any other way by which greater relief would be provided. I agree with my hon. friend in his comments on the newspaper report about putting men in the camps at five dollars per month with board. It would be not only an absurd, but a dangerous thing to do. If you attempted to put a number of men into those camps at five dollars a month, you would receive no return in the way of work. It is amazing the spirit that the workingmen in that section of the country have displayed all through the recent trying period; they are ready to carry on under relief conditions, and wherever that situation exists we should give work instead of direct relief. It is work the men want, if it is possible to provide it and at the same time perform a useful service. I agree fully with what my hon. friend has said; I know of no contribution we can make to the development of this country that will give a greater return than the construction of highways that induce tourists to traverse all parts of Canada that can be opened up for them.

Mr. POULIOT: I agree with some parts of what the hon. member for East Algoma has said. It is better to give work to the unemployed than to give them direct relief. As to that we are in accord, and we are also in accord that it is a good thing to provide work for the unemployed in northern Ontario. I do not blame the minister for the child left on his doorstep by his predecessor, but the building of a trans-Canada highway was one of those silly promises made during the last election. It is absurd because that highway is competing with our railways. On the one

hand the government say we have too many railways east to west, and on the other they are building a highway. It is the most absurd proposition of which I have ever heard. Perhaps the Prime Minister has read the Commentaries of Julius Caesar, that great Roman who built roads in the time of the Roman Empire, but he built roads in those sections of Roman colonies that could be colonized, not among rocks. This trans-Canada highway is to be built on the north shore of lake Superior amongst rocks for hundreds of miles, and that is absurd; but I have no objection to a highway being built in the settled district of my hon. friend.

Mr. NICHOLSON: I wonder whether my hon. friend knows anything about northern Ontario?

Mr. POULIOT: I do not judge northern Ontario by my hon. friend, and this is a great compliment to northern Ontario. By the way, my hon. friend who lives there cannot deny the fact that most of that $1,875,000 has been spent to mine rocks. The scenery may be fine; St. John was on the island of Patmos, which was a rock, but it does not attract many tourists. Many tourists are not attracted by rocks except when they cross the Canadian Rockies, and they do not stay long there. I do not want my words to be misconstrued; I do not want the unemployed of my hon. friend's constituency not to have work—that is not my view at all. But it is foolish to hear members on the government side, and especially the hon. member for Stanstead, say that we have too many railways, that we must cut down expenses, that certain economies are now being effected, while we are building a trans-Canada highway which will enable motor cars to compete with the railways. This is what I do not understand. I am ready to vote money for the relief of the unemployed in northern Ontario. Let them have work; let the government build roads where there are settlers, but I do not understand why roads should be built a distance of seven hundred miles where there are only rocks and no people except a few miners. Such a scheme cannot be accepted by any man with brains.

Which province enjoys the boon of the trans-Canada highway promised by a man who has great visions? The Prime Minister of Canada should build pyramids bigger than those of Egypt. Perhaps what he had in view was having the unemployed breaking the stone and doing other work of that sort. It would be just as well for the unemployed to break stone for buildings that might be constructed twenty years hence as to build a trans-Canada highway which will compete with our railways and give us no return. What did Prince Edward Island, which is a great province, get from this highway? Nothing. What did Nova Scotia, another great province, get from that scheme? Nothing. What did New Brunswick get? Not very much—$60,376.66. Grafters there made more money than that by the sale of potatoes during the war. What did the great province of Quebec receive from that highway scheme? Nothing. But Ontario got $1,875,000 out of a total of $2,547,169.32 for mining rocks.

Mr. CASGRAIN: Too much.

Mr. POULIOT: I do not say it is too much if a useful purpose is served.

Mr. CASGRAIN: Why did they not give as much to the other provinces?

Mr. POULIOT: Because there are not so many rocks in the other provinces as in the section north of lake Superior. Manitoba, that great province, got only $251,934.99. Saskatchewan, that great province which has representatives on both sides, some of them naturally very much better than others, got nothing. Alberta, another province which is very well represented in all parts of the house, got $102,429.75. British Columbia, that province of the Canadian Rockies where a highway has already been built, got $257,427.92. This is out of a total of $2,547,169.32. Ontario got by far the biggest proportion. I do not complain of the fact that Ontario received a great deal of money. Ontario, being a great taxpayer, as are all the other provinces, should get her share of public works that are decided upon by the government; each province should be treated according to its population and the income derived from it. I have no complaint that Ontario gets the largest share. I should not like the hon. member for East Algoma to say: Here is a French Canadian from Quebec saying that Ontario gets too much from the federal treasury. That is not what I am saying at all. Every province should be treated fairly. If that highway would serve a useful purpose, I would say: Give Ontario twice as much; it will mean something; it will not be simply a kind of smoke screen to cover up the unemployment question. But my view is this: I am sure the unemployed are not all masons who can cut stone; they are not all miners. There are in Ontario many unemployed who have been commercial travellers, railway employees, men in every walk of life. Those people should

be helped. I have said what I think of that absurd scheme of the trans-Canada highway. It serves no useful purpose, and if it was not intended to compete with the railways and drag something out of their present small earnings, it must certainly have that effect.

The session is about to close, Mr. Chairman, and I think before we prorogue we should have some information as to the number of unemployed in this country. I would ask the government to make an inventory and classification of the unemployed. That is essential for my hon. friend from East Algoma as well as for members from Ontario, Quebec, the west and the maritime provinces, if we are to decide anything intelligently about the unemployment situation. The measure before us is a measure for the relief of the unemployment situation. Several times this session I have urged upon the government the importance of making an inventory or classification of the unemployed, giving the story of each. It requires courage to do that, but if it is done the government may rest assured that I for one, so far from criticizing them for doing that work, will congratulate every member of the government. This work should have been done in August, 1930. In August, 1930, there was a sub-committee studying the unemployment problem, and that committee made certain recommendations, some of which were followed and others not. I think it was an excellent idea to have the leaders of industry and of labour meeting together in that way, to try to ascertain the source of the trouble with a view to seeing if it could not be remedied. To-day we do not know the number of unemployed in this country. We do not know how many clerks are idle, how many labourers, how many tradesmen, how many commercial travellers, how many railway employees, how many farm workers, and so forth, and until the whole story is known in detail how can the government with a plaster of subsidies cure the situation. Without such information it is impossible for the government to do so, because it does not know what is the source of the trouble. I am not making these remarks, Mr. Chairman, in any petty, partisan spirit. I am afraid of the future if the government has not the courage to do now what it should have done two years ago; in fact, to continue the work which it stopped in August, 1930. The government should not be afraid to go down to the root of the social evil in order to ascertain the real causes of the problem of unemployment, and if possible find a cure. May I ask the minister if he will be kind enough to consider that suggestion and to continue the work which was being done in August or September, 1930, by the sub-committee which studied the unemployment situation? I would also ask if the government is ready and willing to make a thorough inventory or classification of the unemployed in this country, with the story of each, with a view to finding a remedy for the trouble.

Mr. GERSHAW: I notice that in the resolution special reference is made to the drought stricken areas of the province of Saskatchewan, and I was wondering if the minister for the sake of fairness, and certainly for the sake of uniformity, had any plan in mind by which adjacent districts similarly situated would be treated in somewhat the same way. The Saskatchewan relief commission has very special privileges, but its jurisdiction stops at the boundaries of the province. Now, just beyond the boundary, farmers are living who have lost three successive crops and who are just as badly off as those farmers in the drought-stricken districts of Saskatchewan which come under the administration of the commission. The situation is causing a good deal of comment, and there does seem to be some discrimination. In the area over which the Saskatchewan commission presides the farmers are given orders on merchants for the supply of certain goods. In other districts the method of getting relief is much more complicated, much slower, and more uncertain. In these other districts the farmers have to get in touch with the police force, and after considerable delay a police officer goes out and makes investigation, and in many cases he does not seem to be very sympathetic to the farmer. Application has also to be made to the Red Cross, and altogether the situation of the farmers beyond the boundaries of Saskatchewan is very much worse than that of their neighbours who happen to be in the drought-stricken area of Saskatchewan. I wished to bring these facts to the attention of the minister because they are certainly causing a lot of discussion in those districts.

Mr. GORDON: In Saskatchewan the commission to which my hon. friend has made reference was set up by the province. That is peculiarly the duty of the province. While there is bound to be some criticism, I believe from all the reports I have received that the commission in Saskatchewan has carried on its work in a highly commendable manner. While I am not casting any doubt on the accuracy of my hon. friend's information, I must say

that no such representations were made by the premier of the province of Alberta, of which province I presume my hon. friend was speaking. Undoubtedly throughout Canada there are and will be isolated areas which have suffered and will continue to suffer by reason of climatic conditions and misadventures that affect the productiveness of the soil, but I do not think the hon. member will disagree with me when I say that the situation in that portion of Saskatchewan to which reference has been made was a tragedy in the history of that province and in the history of this country. Special attention was given to it for that reason. I can only repeat there has not been any submission made by the premier of Alberta, so far as I am aware, which would suggest the setting up of a commission. Of course if the province considered such an organization necessary it would be their duty to take the necessary steps. In discussing all these matters we must, and I am sure we do, try to keep before us the fact that there is a limit to the extent to which the provinces, municipalities or the dominion can go.

I do not wish to review the ground I covered a few days ago when this resolution was before the house. I should like to add however that in the various interviews I have had with representatives from the provinces, and particularly at the conference held on April 8 and 9, the burden that was being cast upon the municipalities, the provinces and this government was very freely and frankly discussed. I can assure hon. members that the people upon whom this great burden rests are those who are fortunate enough to have some means or some work to do, and who give spontaneously from their own funds, as many of them do. If there is need for a commission such as suggested by the hon. member I will communicate with the premier of the province of Alberta. I do not want to take it upon myself to suggest to him the method and manner of instituting proceedings to take care of matters within his own province. I do not think hon. members opposite would ask me to do that. If however a condition exists which causes the hon. member anxiety, a condition which is not being cared for, and if the hon. member will communicate with the Premier of Alberta, I have no doubt his suggestion will be given due consideration.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT AMENDMENT

RAILWAY COMMISSION AND RATE STRUCTURE—SPECIAL COMMODITY RATES

The house resumed from Friday, April 22, consideration of the motion of Mr. Reid for the second reading of Bill No. 44, to amend the Railway Act.

Mr. J. A. FRASER (Cariboo): I should like to make a few observations in regard to the amendment proposed by the hon. member for New Westminster (Mr. Reid) in the bill now before the house. In the first place I wish it to be understood that I have a good deal of sympathy for the object the hon. member has in view, that is, the reduction of the differential between export rates and domestic rates as far as western grain and flour are concerned, but I submit that this bill will not achieve the purpose he has in mind. I believe it will make matters a good deal worse than they are at present; it will make confusion worse confounded, if I have correctly interpreted the sections of the act which it is proposed to amend.

This bill contains two sections only. It is proposed to amend section 320 of the Railway Act by striking out the words "in the interests of the public," and inserting in lieu thereof the words "national interest, both producing and consuming." I find that the words "in the interests of the public" have been in the Railway Act since 1919, when the act was first introduced in the house, and since then certain practices have grown up with reference to the interpretation of those words. I have before me a memorandum of the Board of Railway Commissioners defining the interpretation which has been placed on those words by the board, and before proceeding I should like to read that definition:

> The present wording, by judicial construction, has come to mean "the public of the locality or district affected, and that any considerable portion of the population in general as opposed to an individual, or association of individuals, will satisfy the description"; "the controlling power or effective competition on particular rates"; "the legitimate desire of the railway company to secure the traffic is not only to be considered, but also whether it is in the interests of the public that they should secure it, or abandon it, or not attempt to secure it. One class of cases intended to be covered is where traffic from a distance is charged low rates, because unless such low rates are charged it will not come into the market at all"; "the fact that a trader has access to a competing

route for the carriage of his goods may be taken into consideration by the board in deciding whether lower tolls, or rates, charged to such trader constitutes an undue preference."

I must say that it is difficult for me to understand just what is meant by the proposed amendment. I submit that the change may have a more restricted application than the present wording. In addition I wish to point out that under section 320 the tolls referred to are not tolls prescribed by the Board of Railway Commissioners but tolls initiated by the railway companies under the provisions of sections 331 and 332 of the act, which my hon. friend might peruse if he is not familiar with them. Section 328 states:

The tariffs of tolls which the company shall be authoribed to issue under this act for the carriage of goods between points on the railway shall be divided into three classes,
(a) the standard freight tariff;
(b) special freight tariffs; and
(c) competitive tariffs.

Those are the tariffs which the railway companies may initiate in order to attract business to their systems; they are not tolls which have been prescribed by the raiway board. Where tolls are prescribed or directed by the board, full consideration is given to the avoidance of unjust discrimination or undue preference; that is a prerequisite to their direction. They must be fully considered from every angle, not only from the point of view of the railway companies themselves but also from that of the shippers, the consumers and the producing public.

The hon. gentleman also proposes to add subsection (2) to section 320, as follows:

The board may consider the question of what should be reasonable compensation under the circumstances, and may establish a rate structure in the interests of trade development and public policy, though such experimental rates may not at the time or of themselves give reasonable compensation to the railway companies.

I understand that the hon. member has two objectives in view; first, that the board may consider the question of what shall be reasonable compensation under the circumstances, and second, that the board may establish a rate structure in the interests of trade development and public policy, though such experimental rates may not at the time or of themselves give reasonable compensation to the railway companies. I submit that the meaning of the first part of this amendment is not very clear. It can hardly relate to subsection 1 of this section, because if the board found as a fact that a lower toll was necessary for the purpose of securing traffic, then obviously such lower toll would be reasonable compensation under the circumstances. Therefore I fail to see how it can refer to the first part of this section. Nor does it seem to relate to the latter part, because if the board established a rate structure in the interests of trade development and public policy, though such rates might not at the time or of themselves give reasonable compensation, what would be the object of the board at the same time giving consideration to what would be reasonable compensation? There would be no object in it at all, as far as I can see.

With regard to the second point, the Minister of Railways (Mr. Manion) has already declared that at the present time the government cannot accept that suggestion. As I understand the declaration of the minister, parliament is the proper place to decide matters of that kind. Just here I might add that if hon. members will look up the freight rate discussion of 1925 they will find that on all sides of the house it was admitted that the proper tribunal to deal with such a complicated question as the freight rate structure of this country was the railway board, and not parliament. It is also difficult to determine how far a rate structure of the character described should be carried. If hon. gentlemen will recall the discussion which took place in this house a short time ago in connection with western freight rates they will remember that certain commodities were referred to as coming within this definition. To any of these commodities might be applied the amendment which my hon. friend offers for the improvement of the situation in British Columbia: gasoline; products of British Columbia moving into the prairies; cordwood, and domestic rates generally in Quebec; live stock; potatoes and hay. It is also conceivable that the rates on coal from Alberta and the maritimes moving to central Canada would come in for consideration under the proposed amendment. You can therefore see the far-reaching effect which the hon. gentleman's amendment would have.

The Board of Railway Commissioners, under the general supervision of the Railway Act, to which no amendment is proposed, must fix and determine rates which will be just and reasonable, and this means reasonable not only for the railways but as well to shippers, producers, consumers and all classes in the dominion. If the board established experimental rates which would, on the traffic concerned, give reasonable compensation to the railway companies, should the board then arbitrarily impose an increase in rates on some of the traffic of the railways to make up the loss of revenue to the railways in consequence

of such experimental rates? Would this be practicable or reasonable? Would it be reasonable to shift the compensation of the railways from one commodity to another, and would it improve the situation in the long run, even supposing such changes were made? Moreover, I submit that it would subject the railways to serious losses of revenue.

With respect to the proposed amendment to subsection 5 of section 325 to provide statutory rates on grain and flour moving from the prairie provinces to Pacific points, the present rates are prescribed and approved by the board. This matter has been adjudicated. We have had it under discussion before and we know that the rates at present in force are those which have been submitted to the board, fully examined and carefully inquired into, and they are rates which the board have considered fair and reasonable to all parties. Should this amendment be carried, the differential between the export and domestic rates might be lessened but it might lead to an increase in the export rate, or it might make the domestic rate and the export rate the same. In addition to that, it would result in a reduction in the present export rates to Vancouver, published by the Canadian Pacific Railway, which in turn would necessarily reduce the rates of the Canadian National Railways. I would refer my hon. friend to the board's judgment in the general freight rates investigation, volume 17 of the board's judgments and orders, for full information in this regard. There the hon. gentleman will find the judgment of the board given with respect to the western freight rates question.

The proposed amendment, I submit, would result in heavy reductions in the earnings of both the Canadian Pacific Railway and the Canadian National Railways. Rates therein provided from prairie points to Pacific coast points should apply on and after June 27, 1925. It is difficult to determine by just what amount the revenues of the two railways might be reduced if the amendment were to go into effect, but I am given to understand that so far as the Canadian National Railways are concerned, it might lead to a reduction in revenue of $500,000 per annum. As this amendment is supposed to be retroactive to the 27th of June, 1925, that would mean that the Canadian National Railways would have to refund some $3,500,000, and I am certainly of the opinion that the Canadian Pacific Railway would have to refund a much greater sum; so that in connection with these two railways it would amount to $8,000,000 or $10,000,000. I submit that at a time like this, when all railways are suffering from declining revenues, and when their revenues are still on the downgrade, this is a very inopportune moment for my hon. friend to offer an amendment such as this. There is some reason in the argument he advances that the differential between the export and import rates should be reduced, but I submit in all earnestness that this is neither the time nor the proper method of applying the remedy he seeks. I shall have to vote against the proposed bill.

Mr. THOMAS REID (New Westminster): Mr. Speaker—

Mr. SPEAKER: If the hon. member speaks he will close the debate.

Mr. REID: I do not wish to take up the time of the house going into details in answer to the remarks of the hon. member for Cariboo (Mr. Fraser).

Mr. MANION: I rise to a point of order. I have no objection to my hon. friend speaking, but has he the right to speak a second time on the bill?

Mr. SPEAKER: It has been the practice in this house to allow the member moving the second reading of a bill the right to reply.

Mr. REID: Regarding the first two proposals in the bill, I may say briefly, in reply to my hon. friend from Cariboo, that these two were incorporated in it in view of the report of the Duncan commission. If I read from the report I think the point will be explained more fully and clearly than possibly I could state it myself:

> At present the work of the railway commission is circumscribed within the two considerations, viz:—
>
> (a) Reasonable compensation to the carrying company, and
>
> (b) No unfair preference or unjust discrimination as between traders.
>
> Section 320 of the Railway Act seems to give the wider powers that we have in mind to the railway commission, so far as the question of undue preference or unjust discrimination may be involved:—
>
> "320. In deciding whether a lower toll, or difference in treatment, does or does not amount to an undue preference or an unjust discrimination, the board may consider whether such lower toll, or difference in treatment is necessary for the purpose of securing, in the interests of the public the traffic in respect of which it is made, and whether such object cannot be attained without unduly reducing the higher toll."

That is how the act reads at present, and the Duncan commission, referring thereto, say:

> Even there we feel that, if the intention was to have larger national interests in mind, the section should be made clearer, and instead of the words "in the interests of the public"

(which might be interpreted as in the interests of the 'consuming' public), the words should clearly state that it is national interests (both 'producing' and 'consuming') that are in mind. If this was not the original intention of the section, we suggest it is the intention which should now be imported into it. We feel further that a similar extension of authority should be imparted to the railway board in regard to the question of reasonable compensation. It would then be competent for the railway board to make a survey of just the very character that the president of the Canadian National Railways testified as being part of his function (as the business head of a railway); and if from public policy they felt that an experimental rate should be conceded, they should be free to constitute the rate, even although it might not, at the time, or of itself, give reasonable compensation to the railway company.

It was with that end in view that I had the bill so drafted as to give to the Board of Railway Commissioners, as suggested here, these powers which I think it very desirable that they should have. I do not intend to go again into the various phases of the act; that is scarcely necessary because it has been explained many times.

Now, I am not making an appeal on sympathetic grounds. With the exception of a few years, the Crowsnest pass agreement had been in effect until 1925, when it was amended. This was brought about by a decision of the supreme court which ruled that the Crowsnest rate applied only to the points in existence when the agreement was made and only within the territory which was then within the scope of the agreement of 1897. It is just as well to remember that the Crowsnest rate was intended to give the prairies protection on freight, and especially grain, as there was no water competition as existed in eastern portions of Canada. The decision of the supreme court would have brought about a chaotic condition in railway rates which would have resulted in one station getting the Crowsnest rate while the next station would get some other rate, and in order to overcome this difficulty the government of the day in 1925, introduced the amendments which are now a part of the Railway Act. The amendments of 1925 gave to all towns on the prairies the benefit of the Crowsnest rates on grain and flour, but they took away the Crowsnest commodity rates which had been in effect from points included in the 1897 agreement. At the time the amendments were under discussion the information was given that the prairie provinces were gaining as well as losing something, but it must be remembered that the railways gained something through the wiping out of the Crowsnest rates on commodities.

British Columbia did not come under the provisions of the new amendments, as I contend it should have. Grain does not change to something else simply because it goes west instead of east. At that time it was thought that the Board of Railway Commissioners would have the power to adjust rates and prevent discrimination, but we have since learned to our sorrow and loss that such is not the case. The decision of the supreme court and decisions of the board itself have since demonstrated clearly that the board has not the power to do this.

The interest of the prairie provinces is identical with the interest of British Columbia. It is to their interest that grain should go west as cheaply as it does east, especially as British Columbia is providing a market for the cheaper grades of wheat. One of the chief reasons which prompted me to introduce this bill, the result of a long study of the whole matter, is the realization that British Columbia, in my opinion, will never obtain a reduction in the freight rates on grain and flour by an appeal to the Board of Railway Commissioners. The decision of the supreme court precludes the possibility of using the Crowsnest pass rates to Fort William as a basis for argument. It seems to me that we in British Columbia are simply wasting our time, energy and money by appealing to the board, and it is time this parliament recognized that fact. According to the ruling of the board, the Crowsnest rates on grain and flour going east to Fort William are no argument as to discrimination and cannot be used as an argument for discrimination because of the decision given by the supreme court. Canadian Pacific Railway officials have also sworn that no one can tell the exact cost of hauling any one commodity.

Another important fact to be remembered is that grain is just grain when going to Fort William, but when going west it becomes either domestic grain or export grain. The domestic rate to British Columbia is higher than the export rate—almost twice as high—and this is against all railway precedents. The cheaper and inferior article shipped to our province is paying a higher freight rate than the better quality of grain which is exported.

I am somewhat disappointed in the attitude taken by the house, and I am especially disappointed in the attitude taken by the hon. member for Fraser Valley (Mr. Barber). The hon. member rose in his place the other evening and said he could not support this measure because in the first place the bill was not before him. As a matter of fact the

bill was introduced on April 12; it was called for first reading on April 15 and had come up for second reading on April 22 when the hon. member spoke and said he had not the bill before him. What is in the bill that requires such a lot of interpretation? The second clause is so simple that any backwoods man could understand its meaning. It reads in part:

> —and to all such traffic moving westwardly from Fort William and from all points on all lines of railway west of Fort William, to Vancouver, British Columbia and to ports on the Pacific coast.

Surely it would not take a great deal of time to discover that all we are asking for is the same freight rates to British Columbia on domestic grain as are paid by the people in the east on grain from the prairie provinces to Fort William, Quebec, Montreal or Nova Scotia.

I repeat that I am disappointed in the attitude taken by hon. members, especially those from British Columbia. I can recall their advocating such a measure in the past, but it seems that when the test comes they do not feel like coming through. The hon. member for Fraser Valley comes from a poultry district, and he knows that the people in British Columbia have been clamouring for this relief for years. Perhaps he was too busy delving back to the year 1925 to find out what was said in those days, but I am more interested in the conditions applying to-day and which will apply in the future. I introduced this bill because I believed that this was the time to show that we really wanted what we were asking for. Because of the decision of the supreme court I do not believe that British Columbia will be able to get any satisfaction from the Board of Railway Commissioners. I commend the bill to the house.

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

YEAS

Messrs:

Beaubien,
Bothwell,
Boulanger,
Brown,
Carmichael,
Casgrain,
Cayley,
Coote,
Denis,
Deslauriers,
Desrochers,
Donnelly,
Duff,
Dumaine,
Factor,
Fafard,
Gardiner,
Garland (Bow River),
Gershaw,
Hall,
Hanson (Skeena),
Heenan,
Hepburn,
Kennedy (Peace River),
Loucks,
Lucas,
Luchkovich,
MacInnis,
MacLean,
McMillan (Huron South),
Neill,
Perras,
Reid,
Roberge,
Sanderson,
Séguin,
Speakman,
Spencer,
Stewart (Edmonton West),
Thauvette,
Vallance,
Verville,
Weir (Macdonald).—43.

NAYS

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arsenault,
Arthurs,
Baribeau,
Belec,
Bourgeois,
Bowman,
Boyes,
Cowan (Long Lake),
Dickie,
Dorion,
Duranleau,
Embury,
Esling,
Fortin,
Fraser (Cariboo).
Gagnon,
Ganong,
Gobeil,
Gordon,
Hackett,
Hay,
Heaps,
Johnstone,
Larue,
Lawson,
MacNicol,
McGillis,
McGregor,
McLure,
Manion,
Moore (Chateauguay-Huntingdon),
Murphy,
Myers,
Peck,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rogers,
Sauvé,
Senn,
Shaver,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Smoke,
Spankie,
Spotton,
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Weese,
White (London),
White (Mount Royal),
Willis,
Wilson,
Wright.—70.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted I would have voted for the motion.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted I would have voted for the motion.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted I would have voted against the motion.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the motion.

Mr. VENIOT: I was paired with the hon member for York-Sunbury (Mr. Hanson). Had I voted I would have voted for the motion.

Mr. ST-PERE: I was paired with the hon. member for South Hastings (Mr. Tummon). Had I voted I would have voted for the motion.

Mr. BOWEN: I was paired with the hon. member for Assiniboia (Mr. McKenzie). Had I voted I would have voted against the motion.

Mr. BLAIR: I was paired with the hon. member for Peel (Mr. Charters). Had I voted I would have voted for the motion.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted I would have voted for the motion.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted I would have voted against the motion.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted against the motion.

Mr. EDWARDS: I was paired with the hon. member for West Middlesex (Mr. Elliott). Had I voted I would have voted against the motion.

Mr. RYERSON: I was paired with the hon. member for Norfolk-Elgin (Mr. Taylor). Had I voted I would have voted against the motion.

Mr. COWAN (Port Arthur-Thunder Bay): I was paired with the hon. member for Hants-Kings (Mr. Ilsley). Had I voted I would have voted against the motion.

Mr. DUPUIS: I was paired with the hon. member for Northumberland (Mr. McDade). Had I voted I would have voted for the motion.

Mr. MUNN: I was paired with the hon. member for Qu'Appelle (Mr. Perley). Had I voted I would have voted for the motion.

Mr. HURTUBISE: I was paired with the hon. member for North Renfrew (Mr. Cotnam). Had I voted I would have voted for the motion.

Mr. RHEAUME: I was paired with the hon. member for Berthier-Maskinonge, Mr. Barrette). Had I voted I would have voted for the motion.

Mr. FERLAND: I was paired with the hon. member for Quebec West (Mr. Dupré). Had I voted I would have voted for the motion.

Mr. POULIOT: I was paired with the hon. member for York North (Mr. Lennox). Had I voted I would have voted for the motion.

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

The house resumed consideration in committee of the following proposed resolution—Mr. Gordon—Mr. Stirling in the chair:

Resolved, that it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements; to provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan; to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine; to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money by any public corporation or undertaking.

Mr. POULIOT: On my way up to the house I saw a fairly large truck on which was a sign "Daily Service." It reminded me of what my good friend the Minister of Railways said in the house not long ago about the unfair competition of trucks with the railways. His speech on that occasion made a great impression on me. Let me sum up the whole matter in this way: if the trans-Canada highway brings returns, they will be due to unfair competition with the railways. On the other hand, if it produce no returns, the expenditure on it will be an utter waste. This is the dilemma that confronts us at present.

We must also consider the maintenance of the road after its completion. Several million dollars might be invested in the scheme and the expenditure on maintenance would be very heavy. Let us count the number of British Columbia automobiles that visit Nova Scotia and the number from Nova Scotia which one might see in British Columbia. They are very few. Some, however, are coming by way of the border states and they might be counted on the Detroit bridge, for instance, but many of the cars coming from the west or from the east and crossing that bridge do not go as far as the ocean.

I am strongly against any kind of hybrid legislation, such as is half federal and half provincial. The expenditure of money should be made by either the provinces or the federal government; if the provinces require additional sums to meet their expenditures, such sums should be given by the federal govern-

ment, not earmarked for roads or schools or any particular purpose but by way of an increase in the provincial subsidy in order that every province should have full control of the money handed to it. According to the British North America Act each province has full jurisdiction within its borders, while the federal government has jurisdiction only when a matter affects two or more provinces. That principle of law is well known not only to every lawyer but to any man who has made some study of constitutional matters. If we have a trans-Canada highway in which the federal government is interested, it should be built by the federal government alone. But, on the other hand, if the federal government is not interested, then each province should build its own share of the highway. At the present time most of the provinces have their own road policy, and I believe that each province should have complete control of its roads. I do not see how the federal government can give money to the provinces for the building of roads. If the provinces require money for some purpose or other and the provincial subsidy is not enough, the federal government should come to the rescue of the province and increase the subsidy, and if the subsidy of one province is increased, the subsidy of all provinces should be increased in proportion. May I ask the minister to be kind enough to let me know if he will consider the suggestion that I made this afternoon with regard to a complete inventory of the unemployed?

Mr. NICHOLSON: The attacks made by my hon. friend from Temiscouata on the trans-Canada highway, and particularly that section in the district from which I come were of such a character that I feel they cannot be allowed to pass without some remarks from a representative of that part of the country.

In the first place I would say that no contribution could be made by the dominion and the provinces of Canada that would tend to so great an extent to knit all the provinces together and to develop the whole country as a contribution to the trans-Canada highway. It will be a means by which the citizens of Prince Edward Island in the east can motor across Canada on Canadian soil all the way to the west coast, and vice versa.

Frankly I was amazed at the parochialism of my hon. friend in his references not only to the trans-Canada highway but also to a part of this country about which he apparently knows nothing whatever. If his remarks had not been made in the House of Commons one would not have paid any attention to them, but going out to the people of this country and to the world outside of Canada as uttered by a member of the House of Commons, they are deserving of some consideration.

With reference to that section of the trans-Canada highway where a very considerable amount of construction work will be necessary to build the road, that is that section in northern Ontario, that part of Canada lying between the Ottawa river and the boundary line of Manitoba, the manifest lack of knowledge of that country that my hon. friend discloses is such that one can scarcely imagine a man in public life anywhere would go out of his way to the extent my hon. friend has done to belittle a part of Canada in which you could lose the settled portions of Ontario and of Quebec combined. Lying north of the height of land in the provinces of Quebec and Ontario, in my hon. friend's province and in the province in which I happen to live, there is more arable land than is now under cultivation in the whole of the provinces of Quebec and Ontario. There are today more farmers in the district of Nipissing, represented by my hon. friend from Sudbury (Mr. Hurtubise) than there are in the county of Temiscouata. There are more farmers in South Timiskaming, represented by the hon. Minister of Labour, than there are in the county of Temiscouata. There are more farmers in East Algoma or in West Algoma than there are in the county of Temiscouata, and these farmers, many of them, are of my hon. friend's own race, a happy, contented people, helping to develop this country. Ultimately the tens of thousands of farmers who will yet go into that country will make it a greater farming area than the settled portions of Quebec and Ontario combined.

It is true that there are rocks in northern Ontario; it is true that there are lakes in northern Ontario; it is true that there are mines in northern Ontario. But I would point out to my hon. friend that northern Ontario produced more new wealth in the past ten years than all the rest of the province of Ontario, to say nothing of the province of Quebec—new wealth in the form of minerals, agricultural produce, timber, pulp and paper, and the baser metals.

With regard to the work that has been done on the trans-Canada highway, my hon. friend referred to the fact that there had been blasting of rocks on the north shore of lake Superior. It might surprise my hon. friend to know that there has not been one dollar spent on the north shore of lake Superior. Where blasting was done was on the stretch

of road between Nipigon, fifty or sixty miles east of Port Arthur, and the boundary line of Manitoba. I would suggest to my hon. friend that he consult his colleague, the hon. member for Kenora-Rainy River, as to the character of the country through which that portion of the highway runs, and ascertain from him if it is a barren wilderness or desert such as he pictured to the house this afternoon. I have travelled across Canada from coast to coast. I have gone around the south shore of the St. Lawrence river by rail and by water. I have seen its little fishing villages nestling up against the rocky shores, and the patches of arable land sprinkled about. It is delightful country with great scenic attractions for the tourist, and simply because it is small in area as compared with that vast extent of fourteen hundred miles running almost from the city of Ottawa to the city of Winnipeg, one does not attempt to belittle it or suggest that it is a wilderness or a scene of utter desolation or a useless and worthless country. It is nothing of the kind. Everyone admires its beauty.

As to the influence of the trans-Canada highway on the traffic of the transcontinental railways, I would suggest that my hon. friend discuss this subject with someone who understands the principles of transportation, with Sir Henry Thornton, president of the Canadian National Railways, if you like; and he will tell you at once that it is not the traffic that goes on a highway of that character that is taking away revenue from the railways. The tourist traffic that is brought into the country and that will be brought into it by means of highways of the kind we are now discussing will furnish more traffic to the railways than any possible loss they can experience by reason of such a highway being built. It is the short hauls that are taking traffic from the railways, by means of buses and trucks. The wheat of the west will never be brought from the west in trucks. The live stock of the west will never be brought east in trucks, and merchandise will never be taken from the east to the west in trucks. The trans-Canada highway will be a tourist highway from beginning to end, except that it will serve to open up the finest part of Canada that is yet lying unopened for settlement.

I am not going to go any further, Mr. Chairman. I repeat that I was amazed at the hon. gentleman's lack of knowledge and amazed that he would make so vicious an attack on a part of the country about which, I say, he manifestly knows nothing whatever.

Mr. POULIOT: Mr. Chairman, I realize that I do not speak very good English, but I have always felt that I could make myself understood by any hon. member in the house. I am very sorry to note, however, that the hon. member for East Algoma is either deaf or dumb, that there is something wrong with either his ear or his brain, and that he did not understand a word I said. I shall have to repeat my remarks to-night in very clear language, not in order to have the hon. gentleman understand—because I cannot expect it from him—but so that my words may not be misconstrued by him. I know the hon. member very well, and it is for that reason while making my speech earlier in the day I said I did not wish my words to be misconstrued. Hon. members who heard my speech will remember my statement in that connection, and it would seem that the only person in the house who did not understand what I said was the hon. member opposite who has just spoken. Undoubtedly he was dreaming of poetry, of those small villages along the St. Lawrence river where the fishermen dwell in white houses on the tops of the hills.

The hon. member did not gain anything by speaking to-night; he should have kept his mouth shut. The fact is that very often he forgets the necessity for that precaution. I have been in the province of Ontario; I know very well the good roads of that province, and I know further that my hon. friend represents a district worthy of a better representative in this house. I know that his district is better than he is. It is not necessary for him to say that he represents a rich district, that Algoma is a pleasant place in which to live, that there is vast wealth in northern Ontario. Why should he tell us all that? We know it. We know further that he is a poor member, a poor speaker and a poor thinker, and he misrepresents statements made by hon. members in this committee. Every hon. member is fully aware of the fact that I said I did not want to have my remarks misconstrued; I did not want the statement to be made that I objected to the building of highways in the constituency my hon. friend represents. At the evening recess I checked my remarks in Hansard, and I find that I so expressed myself.

The hon. gentleman has said that the hon. member for Témiscouata does not know that there is wealth in northern Ontario, that there are rich lands, a countryside more pleasant even than that of Témiscouata county. Mr. Chairman, I remind the hon. member that there is no popularity contest between the farming lands of Algoma and those in my constituency. I did not refer to Algoma, but

to that part of northern Ontario north of lake Superior where there are rocky districts, and I said that the blasting of those rocks would be useless. I did not refer to the farming lands or the settlements in northern Ontario, and I did not speak about the highways leading to the mines. Those highways are not for passenger cars, but for heavy trucks so that ore may be carried from the mines. We know that highways through farming districts are essential; they are the arteries of trade. I know that. I know, too, that railways are other arteries of trade. I do not for one moment wish to prevent the development of northern Ontario; as a Canadian I believe I represent not only my constituency but Canada as a whole. By way of contrast, however, my hon. friend represents only himself, particularly when he misconstrues statements made by hon. members in this committee.

I shall say no more; that is my last word. Were I to speak longer in this connection I would honour too much the hon. member who has spoken. The time has now come to treat him with contempt and silence.

Mr. BROWN: Mr. Chairman, in the course of the discussion the question of putting men on the land has been considered. Hon. members are not yet very clear as to the attitude of the government. On a former occasion the minister seemed to indicate that the government did not intend to cooperate with the provinces or to enter upon any scheme themselves of putting men back upon the land. More recently it would seem that the government at least in some degree has changed its mind, and that there is a possibility of some such work being undertaken. If such a policy is in contemplation it ought to be undertaken with the greatest care. Any attempt to enter upon anything as elaborate as the soldier settlement scheme would from the beginning be doomed to failure.

Much has been said about putting men back on the land, by people who evidently know very little about conditions confronting those actually on the land. Many statements have been made which would not for one moment bear investigation, and indicate an entire lack of information. For instance, we heard the statement a few days ago that the farmer would at least have his butter and eggs. The hon. member was evidently under the impression that butter and eggs could be picked off trees. The minister has given the figure of $600 as a sum which might possibly be advanced to men desiring to take up farming. I would say that $600 would be only a flea bite when compared with what is necessary properly to establish a man on a farm in the west. True, there is a possibility that if a very careful selection were made of the men to go on the land something might be done in establishing some of them on bush farms in northern Ontario. If those men were willing to face many years of privation and hardship as did our forefathers in Ontario and Quebec seventy-five or one hundred years ago, there would be some possibility of their making a reasonable success. Unfortunately, however, to-day there are very few men possessed of the temperament and the willingness to face years of pioneering in the woods. In any policy which may be advocated to place men back upon the land, that fact must be taken into consideration. I do not say that something could not be done in that direction, but I wish to emphasize that any policy along that line must be undertaken with great care, and that any elaborate policy would from the outset be doomed to failure.

I noticed that the International Harvester Company of Chicago, using road tractors and ploughs, were ploughing up a large area of land around the city of Chicago, with a view to dividing it into quarter-acre lots to be cultivated by the unemployed. In war time some such scheme was undertaken in and around the city of Winnipeg; men were encouraged to cultivate garden lots. Unfortunately, however, the time is rapidly approaching when such a scheme would be impracticable for this year, because the seed would have to be in the ground within the next month. That policy might have met with a large degree of success. Men and women living in Winnipeg or in any of the cities of eastern Canada could have been given an opportunity to cultivate some of the adjoining vacant lots. But the time for such a program is almost if not completely passed.

It seems perfectly evident from all the information we can gather that we are rapidly approaching the time when to a very much greater extent than in the past we will be required to give direct relief. Certainly it is true that the provinces and the municipalities cannot longer cooperate with the federal government as they have done in carrying on relief works. The municipalities in particular are at the point where, not being able to collect their taxes, they will not be able to contribute further money to the carrying on of works not absolutely and immediately needed. But facing, as I think we are compelled to face, this question of giving direct relief, I want to bring to the notice of the house a matter that has been of interest to me for some months past.

Hon. members may be aware of the fact that, in the United States, of the 200,000,000 bushels of farm board wheat they have had in storage for some time past the government have contributed 40,000,000 bushels for the direct relief of the unemployed. I have had particular reasons for being interested in that proposition, and I may tell the house that the proposal which passed congress early in March is now being carried into effect in many United States cities. The movement began in this way: One of the professors of Oberlin college conceived the idea that through the use of wheat ground by the primitive methods which prevailed in pioneer days much might be done to feed the unemployed. In regard to the people of the United States I might say this: They do not seem to have done as much by way of federal governmental relief as we have done in Canada. The burden has been thrown more upon the state governments, the municipalities and private charity. The situation confronting them now is that they have reached the bottom of their community chests.

As I say, this scheme was inaugurated by one who had interested himself in the question, and he was able to show that by taking the available wheat and having it ground in this primitive way it would be possible to provide meals for the unemployed at a cost of three cents each. This demonstration was carried out in the city of Lorain, Ohio. I visited that section of the country during the Easter holidays, and in that city, which is an industrial centre with a large number of unemployed, by the use of two old fashioned pepper mills and a second hand farm feed mill, they were grinding flour and giving it out to the people. I saw the flour; I ate pancakes, waffles, muffins and even cookies made from that flour, and it was all that could be desired. The authorities were somewhat slow in adopting that proposition, but finally the Red Cross became interested in it, and all over the United States they are now making use of this farm board wheat ground in the primitive and simple way. While I was there at Easter the first carload of that wheat reached the town of Lorain, and since then I have received word to the effect that all that wheat has been used up, and they are asking for more. While I was there those who had originated the scheme visited the city of Cleveland, and the mayor of that city stated that by this plan they would be able to effect a saving to the community chest of $400,000 in the following three months.

I bring this to the attention of the house and the country because it does seem to me that if we are to be faced, as we will be faced, with the problem of giving more direct relief to those who are in need, through some such means as this we might do a very great deal to give the people food that will be perfectly wholesome and that will help them over the time of their unemployment. Seeing as I did what was being done by the means I have indicated, I have no hesitation in saying that if our churches, our philanthropic societies and our Red Cross, in cooperation with government institutions, would adopt such a scheme as this, we would be able to meet the need, which I am afraid will be facing us much more seriously than in the past, in a way that would afford great relief to the unemployed.

If any person cares to see it I have here a copy of an address given by the gentleman who originated the scheme, in which he outlines all the steps from the time they attempted to impress its merits on the people of the different communities, right up to the time it received the sanction of the United States government. I would not think it fitting to put this address on the records of the house, but if any hon. member or any charitably disposed people such as the Red Cross or any other philanthropic society would like further information with regard to what is being done in that direction I shall be very happy to give it.

Mr. SANDERSON: On April 22, Mr. Chairman, when the house was in committee, the Minister of Labour was speaking of his back to the land policy, and he promised to give me some information in regard to the number of men who had been put back on the farms in the province of Ontario, by counties. So far I have not received that information, and I should like to know if the minister has it ready to-night.

Mr. GORDON: No, I have not.

Mr. SANDERSON: When may I expect it?

Mr. GORDON: If it is possible to get it I will have it in the course of a day or two.

Mr. SANDERSON: But the minister promised to let me have it, and I consented to let the item pass on the distinct understanding that the minister would give that information. It is so recorded in Hansard for April 22; the minister said he would get the information and give it to me, but now he says he will do so if possible. I want that information, Mr.

Chairman, and in all fairness the minister must give it to me. The resolution would not have passed at that time if that promise had not been given. I want the minister to give me something definite in this regard.

Mr. GORDON: I am saying that if it is possible—

Mr. SANDERSON: Why say you will do it if it is possible, when you said you would give it to me?

Mr. GORDON: I have not Hansard before me.

Mr. SANDERSON: Well, I will read it. On April 22—

Mr. JACOBS: The hon. gentleman will probably find that information was given on April 1.

Mr. SANDERSON: It is at page 2284 of Hansard:

Mr. Sanderson: If I understood the figures correctly, a moment ago the minister, said that during last year 14,000 men had been placed on farms. I took the minister's statement to refer to single, hired men. Was that correct?
Mr. Gordon: Yes.
Mr. Sanderson: Could the minister tell me what proportion of those 14,000 men were put on farms in old Ontario?
Mr. Gordon: I could not say, but in the entire province of Ontario—
Mr. Sanderson: Has the minister the figures by counties?
Mr. Gordon: No, but up to April 2, 1932, there were 4,165 men placed in Ontario.
Mr. Stewart (Edmonton): Were those farm hands?
Mr. Gordon: Yes.
Mr. Sanderson: Could the minister give me some idea of where they were placed in Ontario? At the moment I am interested only in old Ontario.
Mr. Gordon: I have not that information before me, but I think I can get it and let the hon. member have it by counties.

There was further discussion, and again at page 2285 the following appears:

Mr. Sanderson: Where were they placed?

Referring to the men in Ontario.

Mr. Gordon: I have not that information at the moment but I will give it to the hon. gentleman before the estimates are through. That was the policy we pursued.

There was further discussion, reported at page 2290, and page 2291. At page 2290 there is the following:

Mr. Sanderson: How many deportations were there from Canada last year?
Mr. Gordon: Deportations for the calendar year ended December 31, 1931, were 6,582.
Mr. Sanderson: And what was the immigration for the same calendar year?
Mr. Gordon: It was 27,530.

[Mr. Sanderson.]

Then on the next page the minister says:

Mr. Gordon: Each case is investigated on its merits. . . .
Mr. Sanderson: As far as I am concerned, Mr. Chairman, I am perfectly willing that this item carry on the understanding that the minister give me the information that I asked for.
Mr. Gordon: Oh, quite.

Now the minister gets up to-night and says he will give the information "if possible." Did he not know whether he could get that information when he promised it on April 22? It was the distinct understanding of the committee, at least of hon. members on this side of the house, that the item was permitted to go through on condition that the minister would give this information.

Mr. ARTHURS: Mr. Chairman—

Mr. SANDERSON: Pardon me. I think that in all fairness to me, and with the usual courtesy which a minister should show a private member, the hon. gentleman should at least make some statement. Does he intend to get that information?

Mr. GORDON: I have nothing to apologize for.

Mr. SANDERSON: I am not asking you for an apology but for action.

Mr. GORDON: Let me finish my remarks and then probably you will be satisfied.

Mr. SANDERSON: Well, I am just assuming your attitude to me and I want to tell you that you cannot put that over me.

Some hon. MEMBERS: Order.

Mr. GORDON: I made it very plain, even from the references the hon. member has read from Hansard, that I believed I could get the information.

Mr. SANDERSON: You said you would get the information.

Mr. GORDON: I said I thought I could get it. I asked the officers in charge of this work to endeavour to go through the records, which is not an easy task, and see whether they could separate these various placements according to counties. At the moment I have not the information. If I get it—and I hope I shall—I will give it to the hon. gentleman.

Mr. SANDERSON: Mr. Chairman—

Mr. ARTHURS: Mr. Chairman—

Mr. SANDERSON: Have I the floor, Mr. Chairman?

The CHAIRMAN (Mr. Stirling): If the hon. gentleman is replying to the minister, yes.

Mr. SANDERSON: All I want is fair treatment. Surely if, from April 22 until to-day, May 3, the minister found it was not possible for him to get that information, he might have had the courtesy at least to write me a letter informing me that he could not give it.

Some hon. MEMBERS: Oh, oh.

Mr. SANDERSON: The butter man, the hon. member for Dufferin-Simcoe, had better keep quiet. I am addressing my remarks to the Minister of Labour.

An hon. MEMBER: Address them to the chair.

Mr. SANDERSON: Through the chair, yes, but not to my hon. friend the butter man from Dufferin-Simcoe. May I ask, Mr. Chairman, in all modesty, as a private member to an hon. minister, whether the hon. gentleman will endeavour to get that information for me? Yes, or no?

Mr. GORDON: I can add nothing to what I have already said. I know that the hon. member has an almost overpoweringly inquiring mind, and for that I commend him.

Mr. SANDERSON: And a little more courtesy than the minister has.

Mr. GORDON: The hon. gentleman arrogates to himself a superabundance of courtesy. I gave instructions that the work of the department should be analyzed in order that the request of the hon. gentleman might be complied with. I believe the officers have been at work endeavouring to satisfy that request, and if it is possible to give the information with any degree of accuracy it will be given. I can say nothing further with reference to the matter.

Mr. ARTHURS: The resolution before the chair reads in part:

> That it is expedient to bring in a measure to authorize the governor in council to enter into agreements . . . to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine.

I suggest that the word "forest" should be included. I do not think there is any industry in Canada to-day that has been and is suffering more than the lumbering industry, and according to this resolution as it stands at present there is no relief in sight. I sincerely hope that when the bill comes before the house the word "forest" will be included. The lumbering industry has suffered for a number of years. It is in a peculiar situation; its product ordinarily does not go on the market until at least twenty-four months after operations have commenced. Many of the limits have been bought at very high prices, the ground rents are high, and those engaged in the industry from the Atlantic to the Pacific are in a very unenviable position. In this regard I would direct the attention of the government to the building trade of Canada, which is one of the greatest industries in this country. It distributes more money among the various trades and labour organizations than any other trade in Canada. In 1929 the building operations in the cities of Canada were valued at $234,944,549. This outlay was divided among the lumbermen from the forest to the planing mill, the stone quarries, the brick manufacturers, the cement manufacturers, the hardware manufacturers, the plumbers, the painters, the builders, the decorators and so on right through the whole field. In practically all these cases ninety per cent of the outlay is for labour. Ninety per cent of the cost of lumbering is labour, ninety per cent of the cost of producing brick is labour, and the same holds true through the various building industries.

For various reasons, this industry has fallen off tremendously. I hold in my hand a quotation from an American paper of recent date which states that the industry has dropped 60 per cent as compared with the same month of last year, and 85 per cent as compared with the same month in 1929.

Mr. GARLAND (Bow River): Are those Canadian or American figures?

Mr. ARTHURS: Those are the American figures. I can give my hon. friend the Canadian figures as well. In 1929, the peak year, the building permits in cities alone totalled $234,944,549; in 1930 they had dropped to $166,379,325, and last year they dropped to $112,222,845, a decrease of over 50 per cent as compared with 1929. The figures for January of this year show permits as reported by 61 cities totalling $2,761,929 as compared with $8,401,456 for 1931.

Mr. MITCHELL: What were they for the year before?

Mr. ARTHURS: I have not the figures for the year before. The permits for February for this year were valued at $2,578,597 as compared with $6,395,659 for last year. Those for March were valued at $3,323,602, as against $9,948,979. The total for the three months of this year is $8,664,190 as compared with $24,746,094 for last year.

There are many reasons for this decrease in building operation, but there is one particular

reason which has mitigated against building particularly in the province of Ontario. Most of the building is carried on by speculative builders who secure a first mortgage, generally from an insurance company, and continue their operations with the proceeds of such mortgage. The Supreme Court of Ontario has held that those who sell materials for building have the same lien rights as the builders, and the result has been that building has practically stopped in the province of Ontario. A second reason is the fact that the Ontario government, in its wisdom or lack of wisdom—so far as the building trade is concerned it was lack of wisdom—has declared a moratorium, with the result that insurance companies with money to lend will not lend it for building purposes. So there is an absolute stagnation of building operations.

In 1919 we were faced with a situation akin to that which faces us at the present time. In passing I may say that unless conditions improve the working man will be much worse off twelve months from now than he is at present. In 1919 this government voted a loan of $25,000,000 to be made to the various provinces for housing purposes, and I believe that every dollar of that loan has been returned; I know it has, in so far as Ontario is concerned. I believe it would be wise on the part of this government if it would vote a sum to be placed at the disposal of the builders of Canada. The responsibility for repayment could be placed upon the provinces and the municipalities. I would be willing to vote for any amount up to $50,000,000 or $60,000,000 for this purpose, and I do not think money could be better spent. Such a loan would affect every man concerned, from the labourer who digs the foundation to the man who puts on the roof, and ninety-five per cent of the money would be utilized in providing employment for the workers in the various provinces.

Mr. GARLAND (Bow River): Without attempting to follow the very excellent discussion of the previous speaker, with much of which I absolutely agree, I am going to ask the committee to revert for a moment to the discussion which took place just before the dinner recess. The hon. member for Medicine Hat (Mr. Gershaw) raised a question which I myself raised on March 15 in another discussion; he asked the minister to give serious consideration to certain drought areas in Alberta and to grant similar treatment to those districts as is now being granted to the districts in Saskatchewan. The minister replied that no request had been received and that no statement had been made by the Alberta government to the effect that they had drought areas similar to the areas in Saskatchewan. As this is the second time that such a statement has been made by a minister, the first time by the Minister of Agriculture (Mr. Weir) and the second time by the Minister of Labour (Mr. Gordon), I am sure that some misunderstanding must exist in connection with the matter. After the Minister of Agriculture had given a reply to me similar to that which was made this afternoon by the Minister of Labour to the hon. member for Medicine Hat, I wired the Premier of Alberta under date of March 16. My wire reads as follows:

> Yesterday Weir stated Alberta given exactly same opportunity as Saskatchewan. That your government had stated you had no problem similar to drought area Saskatchewan. That no request had been received from you to effect that federal government accept 100 per cent relief responsibility for area amounting to 14 municipalities. See Hansard March 15 and wire full reply. We are placed in humiliating position.

The next morning I received the following telegram from the Premier of Alberta:

> Very much amazed contents wire. Will wire you more fully later.

The premier, having had an opportunity of reading Hansard, sent me the following wire under date of March 21:

> Following wire sent Minister Agriculture reference your statement reported Hansard Tuesday 15 page 1241 to effect this government never sought for certain drought area same treatment as accorded in Saskatchewan. Must respectfully take exception this statement. Am sure you recall meeting Edmonton October 7 last when we submitted map prepared jointly by your Mr. Stewart and our Mr. Gray and urged that drought area thus disclosed should receive same consideration as similar Saskatchewan area. We also made same request to Senator Robertson and yourself in Calgary. On January 21 Public Works department wired Director Relief asking Dominion government to assume 100 per cent cost relief works in certain municipalities particularly in said area. This request refused 26th instant. More recently, have asked Dominion to assume portion cost seed grain relief same area which request refused excepting offer to provide funds against treasury bills. We now understand through Saskatchewan Relief Commission Dominion assuming entire cost of relief homestead areas northern part of province and as we have exactly similar problem consider this unfair discrimination against Alberta. May say further since January 30, 1931, have requested special consideration in areas presenting particular problem as shown my letter to Prime Minister dated February 9, 1931.

This telegram would indicate that not only had the former Minister of Labour, the present Minister of Agriculture and the Prime Minister himself been acquainted with the fact that there was a drought area and that special

treatment had been requested for it, but that the minister's own department—I presume it is his—the director of relief received a communication on January 21 last asking for special consideration in connection with the cost of relief work in certain drought area municipalities. I submit this not to question the sincerity of the Minister of Labour, but simply to attempt to straighten out a delicate and rather difficult situation in which two ministers have stated that Alberta has made no special representations in regard to the drought area in that province. My own knowledge of the matter is that the provincial cabinet deliberately called a meeting of the federal members last January, placed the whole matter before them and asked them to make it part of their business here to see that the Minister of Agriculture, the Minister of Labour and others who were directly responsible and interested, take action in accordance with the previously made request of the Alberta government.

Mr. COOTE: I think employment for our people is the greatest problem facing Canada to-day, and I regret the resolution as brought down and the statement of the minister give us very little hope of any further employment being provided. Apparently the action of the government is to be practically limited to giving unemployment relief, in other words, to adopting the dole system, which I do not like. This problem of employment must be tackled vigorously. We must do something different from what has been done so far. I am sure anyone who will visit the different parks in Ottawa and other places where the unemployed men congregate will agree wth that old saying "Unemployment with money is leisure, but unemployment without money is hell." I have talked with quite a number of returned men who say that the life they are living to-day, unable to secure employment, is far worse than the life they led in the trenches. Years ago Sherman, the famous United States general said: "War is hell," and war is even worse to-day than it was then. When numbers of these Canadian returned men have travelled from one end of the country to the other and back looking for work, without being able to find enough to keep body and soul together, we cannot wonder that their position to-day is in their opinion much worse than it was when they were fighting in France.

I look upon unemployment as a disease which must result from one or two causes, either overproduction or underconsumption. If it results from overproduction, we should endeavour to divide up the work, shorten the hours of labour. But I do not think it results from overproduction; I think our troubles result from underconsumption. I would admit at once that we can produce more than enough in the way of foodstuffs. The size of the human stomach is limited, and when you fill a man with food, there is no use in placing more before him. But the capacity of our people to enjoy goods and services, so far as we can see to-day, is practically unlimited. Unemployment, whether due to underconsumption or overproduction, is a man-made problem and capable of solution. We should devote ourselves to a solution of it rather than adopt mere palliatives such as are suggested in the resolution under consideration. Unemployment as it now exists can and must be cured. If it cannot be cured under the present system where production is for private profit, then we must have a change of system. I do not say that it is impossible for it to be cured under the present system, and I should like to see the house and the government try to cure it. To-day we are not making any attempt to solve the problem of unemployment.

Before I leave the question of overproduction, may I say that even in Canada we have underconsumption in the matter of foodstuffs. I remember reading in the New Outlook, a paper published in Toronto by the United Church, I think in the issue of last January, that a doctor from Regina said there were hundreds, perhaps thousands of teen-age boys in Saskatchewan going to bed hungry every night. We know that fruit rots in the orchards every year although there are thousands who who never get a taste of fruit of any kind. I have under my hand a little quotation taken from the New Republic. It is true that this refers to conditions in the United States, but conditions in some parts of Canada may be similar. It says:

> In Detroit alone, it has been estimated by medical authorities, at least one person starves to death in every seven hours and fifteen minutes. A physician at the Receiving Hospital in this city reported recently that four people a day, on the average, are brought to the hospital too far gone from starvation for their lives to be saved. Many others die lonely deaths outside the hospitals. On one day in September, in Grand Circus park where the homeless gather, three workers were found dead.

It says :

> Thousands of children are under-nourished; that a great number of suicides are not reported in the press; that the psychopathic wards of the hospitals are crowded with people whose minds have become unstrung under the pressure of adversity.

I pause here to say that I think the government of Canada has done better in regard to unemployment relief than the United States government; I give our government credit for that. We have made a fair attempt to hand out unemployment relief, but too much of the burden has been placed upon the provinces and municipalities, and many of the municipalities are practically bankrupt so that a different system of financing must be adopted this year. I remember reading last year that thousands die of starvation in China every year and that millions of Chinese go to bed hungry every night. If we could work out a proper system of distribution in this world, I cannot help feeling we would find there was no over-production even of wheat. When it comes to a question of overproduction of other commodities, I should like to quote for the benefit of the committee from Mr. Harvey Firestone, one of the most prominent business men in the United States. He says positively that our trouble is due to underconsumption, not overproduction. He says that in the United States there are four million city homes with no bath tub, three million city homes with no plumbing, four million rural homes with no electricity, thirteen million homes, both rural and urban, with no telephones, five million homes lacking adequate clothing, food and shelter, seven million homes with no automobile, twenty million families with not even a good radio.

I think we must agree with Mr. Firestone that the difficulty is due to underconsumption. Why cannot the copper which is going begging on commodity markets to-day be used to provide these people with telephones, radios and electrical service? By the way, it is rather significant the way they do things in the United States, and I suppose we do the same in Canada. I am told that in that country there is one automobile to every five people and one bath tub to every twenty people. It is quite easy to imagine five people riding in one automobile, but imagine twenty people taking a bath in one bath tub! There is plenty of potential demand in Canada and the United States for these things which the unemployed to-day would like to be making. The trouble is that there seems to be a great gap between production and consumption. The cause of underconsumption to-day is lack of money in the hands of those who would purchase these goods if they could. The old law of supply and demand, which has been much overworked, cannot operate to-day. There is potential demand, but it cannot become effective demand because the people have not the money in their pockets. We need a new money system. I believe that the want of a proper standard of purchasing power is the chief cause of the survival of the monstrous fallacy that there can be too much produced of anything.

If we are going to solve the question of unemployment and put our people to work we must have a different financial system. President Hoover says:

> Credit is the bloodstream of our economic life. Restriction and destruction of credit cripples the revival and expansion of agriculture, industry, commerce and employment. . . . To-day business is bad because of lack of purchasing power among consumers.

R. S. Noble, of the Royal Bank of Canada, said last year that the depression was caused by a thoroughly stupid bank policy, and that France and the United States were the principal villains in the piece.

Right Hon. Arthur Meighen, now Senator Meighen, said last year in Toronto, and I am always glad to quote him in this house, because I think he is one of the ablest members that ever sat in this chamber:

> If those who have too much wheat can exchange that wheat with those who have too much of something else, oil, gasoline, clothing; if people are in a position to do that, the world can use all the wheat there is to-day and more, all the oil, all the clothing and more. If people were in a position to exchange what they have too much of for what somebody else has too much of, we would see that there is not too much of anything. The trouble is that they are not in a position so to exchange. Were the facilities of exchange adequate, were the world's monetary system adequate to demands for exchange, then the three per cent increase in the world's products from year to year would mean a three per cent elevation in the standard of living each year for the masses of mankind.

I think I have quoted enough authorities to show that the unemployment which exists to-day is due primarily to an inefficient financial system. In support of my contention that this depression is due to monetary causes I could quote Lord D'Abernon of England, Sir Basil Blackett, Sir Leo Chiozza Money, Sir Gustav Cassel, one of the most eminent economists in Europe, Dr. Hans Luther of the Reichsbank in Germany, and one of our own most prominent bankers, the late Mr. Neill. I would also like to quote to the house from a review of Maynard Keynes book—"A Treatise on Money." Trade and employment, as Mr. Keynes shows from forty different angles, depend on what men do to currency and credit. This review says:

> The volume of exchanges tthat can be made on a given price-level with a given volume of money, at a given turnover, is absolutely fixed.

More exchanges require more money. Unless the money is forthcoming business falls off, men are thrown out of work, and the vicious spiral of deflation gets under way. Yet money is the only item in a list of items a mile along with which business has to deal, over the supply of which man has absolute and unlimited control.

If we could only convince this committee and this house and the government that the amount of money we might have is absolutely under our own control, we could get a good start out of this depression inside of a year. The cause of this depression is the lack of money in the hands of purchasers; the only way to get out of it is to put money into circulation, and yet when we come to discuss unemployment, we spend very little time on the question of money. It is rather significant that in to-day's press there appears the following despatch from Washington, D.C. It is headed, "United States house recommends putting four billion dollars of new notes into the market," and reads as follows:

Washington, D.C., May 2.—The House of Representatives to-day passed a bill "for restoring and maintaining the purchasing power of the dollar," and to secure that end recommended that the Federal Reserve Board use its power and resources to put into the market $4,000,000,000 in federal reserve notes, if need be, to raise the price level of commodities.

The bill would add an amendment to the Federal Reserve account as follows:

"It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the department of labour in the wholesale commodity markets for the period 1921 to 1929 inclusive shall be restored and maintained by the control of the volume of credit and currency."

I would like to point out to you, Mr. Chairman, and to the committee that I think there is ample justification for the amendment to the budget which was moved from this corner of the house. It has now been declared by congress that it should be the policy of their central bank in the United States to issue enough money to raise commodity price levels to the average level between 1921 and 1929. I do not think that there is any other known way at present of raising commodity price levels. I do not like to think that Canada is going to lag behind the United States in this regard, and the policy I would like to urge upon the government at this time is that it should take steps to increase the amount of money in circulation in Canada to raise commodity price levels and make it possible to put our people to work and to put purchasing power into their hands. Do not let us wait until the United States has done it, and then drag along three months behind them. Let us begin it now and get some benefit from it while the United States is putting this new money to work in the market. May I remind the members of the house again that this bill which has passed the United States congress recommends that the federal reserve board should use its resources to put four billion dollars of federal reserve notes into the market.

I would remind the house of the debate which took place here some time ago in regard to state aid for national health. The statement was made by the hon. member for East Calgary that the greatest cause of sickness is poverty, and if we do not do something to check this depression in Canada and to put our people to work and restore their purchasing power, we are going to strike a blow at the health of the Canadian people from which it will take many years to recover.

While I am on this subject I want to protest against the policy of all governments in Canada, federal, provincial and municipal, of discharging their civil servants. I just happen to have handed to me lately a despatch from a western paper which states that in that city eight firemen have been laid off, to effect a yearly saving of $15,000. I expect it will not be very long before these same firemen will have to receive direct relief from the city. What is the sense of discharging men from a city payroll at a time like this? Surely our cities would be wise to maintain their fire departments at full strength.

I should like to congratulate the hon. member for Parry Sound upon the statement he made in the committee to-night concerning the need of some stimulus to the construction industry in Canada. I have before me the latest edition of The Commerce of the Nation. This is the May number, and I think arrived only yesterday or to-day. At page 38 there are indices of Canadian business conditions. The basis for the figures is the monthly average from 1929 to 1924 taken at 100. The information is as follows:

	March, 1932	March, 1931
Construction—		
Contracts awarded. .	153.5	222.0
Building permits. . .	45.0	103.5
Cost of construction.	82.5	84.6
Trade—		
Car loadings.	174.8	190.21
Exports.	89.7	102.4
Imports.	87.0	119.2
Employment in trade	128.9	134.0
Total agricultural marketings.	125.4	187.7
Production—		
Iron.	19.3	85.2
Steel.	44.9	130.3
Lumber.	29.6	75.2

It will be noted that building permits awarded in the month of March this year were only about 43 per cent of what they were a year ago.

I should like again to suggest to the government the advisability of providing some housing scheme in Canada. I know of no better way to put money into circulation. Perhaps before considering this matter in detail I should say that thousands of people in Canada have already lost their homes owing to the unemployment which has existed for the last two years. Others have lost their farms, and still others their savings. Many citizens have lost their jobs, and with them their hope, their health and their self-respect. Many have committed suicide or died prematurely because of the worry of it all. I believe it is high time we really took some effective steps to put our people to work. It is useless to look for permanent alleviation of present conditions without important social and financial changes. There is no doubt that industry in Canada is capable of producing more goods than it did in 1928. Industry, however, has come to a standstill, and as a result men, women and children are suffering. Most of them suffer in hopeless silence, not because they do not want to work or do not know how to produce; not because materials are scarce or machinery lacking, but because of an inadequate, inefficient monetary system which demands from them a great sacrifice. The scarcity is purely artificial.

The situation to-day might very well be likened to that of a horse tethered to a tree standing in the midst of a luxurious pasture. The horse walks in one direction, thereby winding the tie rope around the tree. After a while he finds himself with his nose close to the tree, unable to reach the grass. In other words, he is starving. There is plenty of luxurious grass within a short distance, if he had sense enough to turn around and walk in the other direction. If he has not sense enough to do that he must starve. We in Canada are in the same position. We have not sense enough to make use of the machinery and raw materials in our country so that our people may be put to work to produce the goods they require. In my view our people have a moral right to demand from their representatives and their government an immediate examination of the fundamental weaknesses of the gold standard, to be followed by some permanent correction of that standard or the adoption of a new one. To my mind there is no doubt that we should adopt an entirely new financial policy. It seems to me at the present time we are carrying on a sort of hunger strike. Why should we not give those people employment? The Prime Minister is reported to have said in Montreal a year and a half ago that the first duty of the Canadian government would be to provide work for the Canadian people. With that I heartily agree, but we have neglected our duty. Of course we can do nothing until the government acts, and I hope it will not be long before it is persuaded to take action.

I should like to quote from the new book by Doctor Robert Eisler entitled This Money Maze. The preface is written by Sir Josiah Stamp, who recently delivered such a splendid address in this building and the foreword is written by Sir Thomas Barclay, one of the most prominent bankers in England. Doctor Eisler says:

> Nothing but the borrowing and spending power of the community can start the wheels of industry whirling again after such a prolonged lethargy and continual fall in prices.

Under present conditions the best way to put the spending power of the community to work is by government action. I know of no other way in which it can be done. I think we are quite justified in asking the government to take action. I should like to remind the committee of the many promises made by the Prime Minister during the election campaign. He said:

> I accept the challenge, and I say again I will call parliament together at the earliest possible moment to provide at once a remedy,—employment for all who can and will work.

There is no doubt we have several hundred thousand people in Canada to-day who would and could work if they had it to do. When Canada entered the war in 1914 we did not hesitate to use all the nation's credit. We financed our part of the war on our own credit, and by similar methods we could finance this war against poverty and unemployment if we would make use of our national credit. We have plenty of it.

I suggest first that we institute a housing scheme along the lines I suggested a few weeks ago. I will not go into the details of the plan to-night, but I should like to draw attention to an article which appeared recently in The Prairie Lumberman concerning a federal home building loan, and pointing out the work which would be given if such a scheme were adopted. The article is as follows:

> Work would immediately be provided for a great body of men now unemployed and additional employment would immediately be spread throughout many industries now cutting down on their staffs.

I was told to-day of a construction company in Canada which issued the statement that next month they would be forced to lay off two hundred men. The article continues:

> Carpenters, masons, plasterers, painters, plumbers, electricians—all the better paid trades who in turn would circulate their wages, thus providing additional employment—would become actively employed. Thousands of men now unemployed could be engaged in common labour—these men are now very largely an absolute charge upon their respective communities.
>
> Railroads would profit by greater freight movements, rail workers would benefit, lumber mills and other manufacturing plants would start to operate, every type of requirement for the inside of the house also would be benefitted. Demand for goods of every description would become rapidly widespread. Coal would be needed to heat these new homes, thus affecting favourably the Canadian mines and adding to the employment situation favourably in that direction. There is practically no end to the benefits which would accrue if such a necessary step were to be taken.

There was some talk of bolshevism and communism in this house this afternoon, so I would direct the attention of hon. members of the committee to this significant statement:

> Bolshevism is well fed only when we refuse to give good healthy "food" such as the opportunity to own their own homes to otherwise well-meaning citizens. If you want to stop the spread of bolshevism start creating a nation of home-owners. It makes a mighty big difference to a person's attitude when he owns something and that something is his own home.

Some of these homes might be built in the cities, and certainly there is need for a great many in the country as well. Then I would suggest to the government that they embark on a large program of public works. I think we should begin a program this year entailing an ultimate expenditure of $50,000,000 or $100,000,000. This year, when we most need the work, we have the smallest expenditure on public works that has been made since I have been a member of this house. I think government activity in connection with public works shall be speeded up whenever there is evidence of a slackening of employment in private industry. We should use our own national credit to finance these undertakings instead of borrowing from our financial houses at ruinous rates of interest, such as the provinces and the Dominion have been forced to pay recently. Our national wealth is estimated at some $30,000,000,000, so it is absurd for us to talk of this dominion going bankrupt or running short of credit. There is still plenty of real credit on which to draw, so let us use our own credit, put our people to work and restore the confidence of the people in our own institutions.

Mr. YOUNG: What is our credit?

Mr. COOTE: It is the ability of our people to produce goods and services which they can consume.

Mr. CASGRAIN: We can produce them but we cannot sell them.

Mr. COOTE: We cannot sell them because there is no money with which to buy them, and you will not get any improvement in business until you put money into the hands of the purchasers. The great body of purchasers in Canada to-day have lost their purchasing power. The farmers represent from 45 per cent to 47 per cent of our population, and their purchasing power has been more than cut in half. Thousands of people who have been working for wages have lost their jobs; their purchasing power has been cut by 80 per cent, and now I suppose the purchasing power of the civil servants has been cut by 10 per cent. Thousands of people have had their incomes reduced, and all these things tend to decrease purchasing power. When you decrease the purchasing power of these people our factories must lay off many workers, who in turn become unemployed and lose their purchasing power. It is the most vicious circle that can be imagined, and the only way to get out of that circle is to put money in circulation. This can be done only by putting people to work, because only when they work do they produce something which gives value to money.

I was told to-day by a man who for years has been a student of economics, and who I believe is a graduate in economics of one of our universities, that a thirty per cent rise in commodity price levels would reduce the burden of debt of the municipalities, the provinces and the dominion by $75,000,000. Surely that is worth while. You can add to that the increase in revenue from taxation, because the amount of taxes received depends upon the amount of trade carried on. You can also add the reduced expenditure by all our governments for unemployment relief, as well as the increase in trade which would be brought about by increasing the income of our farmers and by increasing the employment of our artisans and labourers. In addition there would be the increased spending power which they would have, and added to that there would be the very distinct benefit, at least so far as the Prime Minister is concerned, that an adverse trade balance, if any, would be corrected.

I have taken a little longer on this question than I had intended, but before I sit down I would like to make some reference to the proposal which I understood the minister to

say had been made to the provinces, that the federal and provincial governments should cooperate to place some of the unemployed on farms in Canada. In that connection I would like to quote from a little book which recently came to my notice, entitled The Cause and Cure of Unemployment. The author is John S. Lennox, an engineer in the United States who graduated from Queen's university some years ago. It is rather significant that to-day so many of our engineers have taken to the study of economics, and some of them have put in writing their opinions as to the cause and cure of unemployment. I may say very frankly that if we would charge some of our eminent Canadian engineers with the study of the financial question, it would not take them very long to evolve a better financial system than we are trying to work under at the present time. In regard to the farm problem Mr. Lennox says:

> There has been no general recognition of the fact that farming is the only business in which a man can procure food and shelter when receiving no wages. Until the tax collector and the landlord can no longer be put off a farmer can stay in business. The lower selling prices go, the more produce he must market, even though he is selling at a loss. The hired man will work for his board and enough to keep him in boots and overalls. Truly, agriculture is the great unemployment sponge.

With reference to the remark that the hired man will work for his board and enough to keep him in boots and overalls, I might relate to this house a sentence or two from a letter which I received from an Alberta farmer last summer. I must remind the house that the letter was written last August when the weather was very hot. With reference to the statement by one of our leading statesmen that he was not afraid of the farmer starving, this man stated in his letter, "Of course the farmers will not starve; we still have milk and potatoes, but the clothes we bought in more prosperous years soon will be worn out, and we may have to resort to rhubarb leaves." There is much more in this booklet I should like to read to the committee, but I do not think I should take the time.

In conclusion I should like to say to the Minister of Labour that if the dominion and provincial governments are justified in cooperating to place unemployed people on farms, surely there is every justification for these two governments cooperating to keep the tax collector and the mortgage companies from putting farmers off the land. That is what is going to happen unless something is done to forestall that action. What is the sense of allowing these men to be forced off their farms? They will simply go to the cities to take the places of the unemployed whom the two governments are now endeavouring to take from the cities and place on the land. I do suggest to the minister that this is one of the most necessary things for agriculture to-day; otherwise some farmers are going to become charges upon the country. They will have to drift into the cities and receive direct unemployment relief.

Mr. YOUNG: I cannot understand the mentality of a man who will strenuously oppose a ten per cent reduction in salaries and wages, and in the same breath advocate a policy of monetary inflation the immediate effect of which would be to cut in half all salaries and all wages.

I can agree with my hon friend this far, that the present depression will not lift until we have discovered the fundamental causes and removed them. I agree with him there, but the immediate problem before the committee to-night is what to do with our unemployed who do not know where to sleep, who do not know where their next meal is coming from, and who do not know where they are going to get clothes with which to protect themselves and their children from the weather. These people cannot wait while our economists, our statesmen and our politicians debate as to what is the cause of the trouble, and try to agree on a remedy. They must have action and immediate action. I cannot support the policy of creating great public works at the present time out of the public treasury for the purpose of giving people employment. Take, for instance, the suggestion made to-night of a trans-Canada highway. The principal objection I see to it is this. If we were to construct such a highway and by that means give employment to so many thousands of people while it was in course of construction, once it was finished, after the depression had lifted, we should find ourselves saddled in perpetuity with the expense of maintaining it, which we know from experience would run into millions and millions every year. We cannot afford any such undertaking.

There is a plan being operated at the present time to a limited degree in the province of Saskatchewan which I would commend to the minister. I do not know who originated it, but whoever did deserves, I believe, some credit. The plan is simplicity itself. It proposes to put men who are free to go, mostly single men, on farms, the government paying each man five dollars a month and paying the farmer five dollars a month to keep him. He is supported then in food, shelter and clothing at a total cost to the government of ten dollars a month. I do not think it can

be done cheaper in any other way. There must be in Canada hundreds of thousands of farmers who would like to make improvements on their farms, farmers who no doubt would have liked to do so years ago, but who could never afford it because they could not pay the necessary wages to hire men for the purpose. Now is an opportunity for these men to get cheap help with which to make these improvements. I believe that we could give employment to 100,000 men in this way, at a total cost to the government of not more than ten dollars per month per man, and when the work was done the government would not be saddled with enormous expense such as would be involved in any structure built up under a relief measure. As I say, I do not know who originated the scheme, and it is working only to a limited extent, but I believe it is capable of vast expansion and I commend it to the minister.

Mr. NEILL: The debate has got away from the actual resolution before the house. The resolution proposes steps to deal directly with the distress due to unemployment, but we seem to have got into a general academic discussion with regard to the original causes of the present situation, which is a matter that has been discussed at considerable length already in this house. The minister was courteous enough a few days ago to say that he would welcome any suggestions made by members, and while he would not, of course, guarantee to adopt them, he intimated that he would consider them before introducing the bill. That seems to me a very reasonable suggestion, and it is much more advisable than simply bringing in a bill and leaving us to criticize it without any hope of having any changes made in its provisions. I should like to take advantage for a very few minutes of that offer to mention one or two suggestions, which I hope will be found practical, dealing directly with the subject under discussion.

I am glad to see that the Minister of Public Works is here. I would call his attention to the statement made by the Prime Minister the other day, very plainly, that there was to be no federal relief work as such done this year. Now the Minister of Public Works will recall that last year his estimates were very badly smashed, so much so as to be almost unrecognizable so far as carrying out any necessary maintenance of public works was concerned. The situation was remedied when we came to unemployment relief by his doing the necessary maintenance works under the provisions of the relief fund. In some ways it was a good idea; at any rate it furnished some work for unemployed people, and it also provided the necessary maintenance, failure to provide which would have been very bad policy indeed on the part of the department. We find this year that the situation is very much the same, only worse. The minister has practically cut his estimates to the disappearing point, possibly with the same idea in view, that he will get the necessary expenditures made out of the unemployment relief fund. A glance at the estimates will show that he has made hardly any provision for the necessary work.

This is not the place or the time to point out to the minister what very bad policy, a policy of penny wise and pound foolish, it is to neglect the maintenance of wharves and floats which have only a short life anyhow; for if maintenance is not carried on year by year it means double expense in the future to make repairs. In the meantime these public conveniences are standing idle during a considerable period of their very short life, hampering industrial development and inconveniencing the public. As the minister has made the cut even worse this year than it was last year, I want to point out to him that he is now confronted with the situation that no relief will accrue to him from the unemployment relief fund. There is to be no federal relief work undertaken, so I suggest to him with all deference that it is very much up to him to take steps to see that in the supplementary estimates arrangements will be made to carry out the most necessary public works required.

As regards other suggestions, we understand now that we are committed to a policy of direct relief only. So far as British Columbia is concerned, I have no doubt that the government will make or has made representations, and judging from the press I gather that its wishes are opposite to that. In that province the government apparently wish public relief works continued on various grounds—that it will provide work, it will not destroy the morale of the men, and some return will be made for the money spent. So far as the cities are concerned, the same view is held. Certainly the smaller cities will be against the policy of direct relief only. Not only is it better for men to do some work for the relief they are given, but the small cities have plenty of work to do and naturally they want some return for their money. If we are going to go in for direct relief, however, and whether we do or not, I want to point out to the minister that we shall have to make greater provision to help the cities. They are almost at the end of their financial resources. They have

strained every resource in the past and in many cases have reached the limit of their borrowing powers; and to a considerable extent they have reached the limit of their taxing powers as well. Not perhaps that municipal law will not allow them to tax the people further; but experience shows that you can tax the people just so much and then, as governments have found in the past, you do not get as much money as you did before. Many of the smaller cities have reached the limit where they can reasonably tax the people and expect to get more money. So that if we are to be confined to direct relief, then the government will have to be prepared to pay a larger share of relief money. This will be necessary for two reasons: first, as I have stated, the cities have little or no money, and in the second place, they will be worse off under a policy of direct relief than under the system of contributing to work. Under the system of contributing to work, the arrangement, in Brtish Columbia at any rate, was that the city paid twenty-five per cent, the province twenty-five per cent, and the dominion fifty per cent. So that if a municipality had $1,000 to spend on relief work, it resulted in a total expenditure of $4,000. That is obvious. Now, if they are to be confined to direct relief, which is on the basis of 33-33-33 and a fraction, then the city's $1,000 will result in an expenditure of only $3,000 and they will have nothing to show for it. They will still have to dig down into an exhausted treasury to do whatever necessary maintenance work might be required in the streets. So that they will be much worse off under the direct relief system than under the one that obtained last year, where each party to the agreement contributed to the work in the proportions I have mentioned. I suggest again, therefore, that if the system now proposed is to operate, the cities will have to have a larger grant.

My next suggestion is that the minister put a little more into the act and a little less into the regulations. He has had one or two years' experience and he knows what can and what cannot be done, and I think the work would be facilitated if he would put more into the law in order to let us know just where we stand. Above all, we want a real genuine system which will provide that when the cities have expended money and are entitled to a certain return from the Dominion government, they shall receive immediate payment. The experience in British Columbia during the last year shows this to be a highly desirable thing. Last year the cities in that province made a deal with the provincial government that they were to put up so much, the province so much and the dominion so much. They went ahead and spent money and incurred obligations. When the work was in progress the men had to be paid and the result was that the cities had to borrow money at a high rate of interest in order to meet payments which should have been met out of payments from the government. In many cases these cities reached the end of their borrowing powers and the unhappy storekeepers had to act as bankers for the province. There should be a definite system evolved so that this money will be paid when due.

I would suggest that the dominion relief officer, especially in the province of British Columbia, should be placed in a position to earmark the moneys coming from the dominion. These moneys should not pass through the provincial treasuries, where it has a habit of sticking; it should come directly from the dominion to the cities. Of course, provision could be made to see what vouchers are properly o.k'd and all that; let the provinces O.K. the vouchers, but do not let the money get into the provincial treasuries. Such a procedure would make the burden of relief, which will be heavy this year, much easier to bear.

I am not making any grand bold suggestions that the department change its policy, because I know they would not; I am only making these one or two plain suggestions. However, I think they are practical suggestions and if the minister will give them consideration I do not think he will be so likely to have a repetition of the nightmare which he must have had last year in connection with the situation in British Columbia.

Mr. HURTUBISE: Mr. Chairman, I have followed the trend of this discussion but I wonder to where it is leading us. I am beginning to realize that the government is trying to shirk the responsibility of relieving unemployment. During the last election the Prime Minister (Mr. Bennett) said that he was going to build the trans-Canada highway and would undertake other public works in order to give employment to everyone who wanted it, but, the farther we go the more we realize that the government is trying to shirk the responsibility. Last year when the unemployment relief bill was introduced the responsibility was divided between the municipalities, the provinces and the Dominion government. That plan seemed to work for a while, but it has proved to be a complete

failure. The municipalities and the provinces are close to bankruptcy and the government now says that it has done enough. The resolution reads in part as follows:

—to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money by any public corporation or undertaking

According to this resolution the government is leaving the whole responsibility upon the provinces, so why all this discussion about the trans-Canada highway? The government has nothing to do with this, it is leaving the whole responsibility upon the provinces. Why should we bother about the administration of such works if the provinces are going to handle everything? I think the government feels that its honour is in danger because, as I said in a previous speech, it is scandalous the way things have been handled in connection with this highway. The government is leaving everything to the provinces and is going to let them sink or swim. During the discussion on his estimates on April 28, the Minister of Immigration and Colonization (Mr. Gordon) is recorded on page 2452 of Hansard as saying:

On April 8 the provincial premiers came to Ottawa and on what remain of that day and throughout the following day the whole situation was considered with a view to checking up on the work accomplished and to formulate a course for the future. I think I am stating it fairly when I say the premiers and those representing the provinces were unanimous in the decision that the provinces and the municipalities within those provinces were financially unable for any length of time to carry on the program of public works projected, or to carry out the scheme formulated since the last session of parliament. Further, it was the opinion of provincial representatives and myself that there had been started public works, a portion of the cost of which would become a charge upon the municipalities and provinces, which probably should be discontinued, because the municipalities and provinces, and probably the Dominion, would not be able to continue them.

The Minister of Labour has permitted discussion to continue this afternoon in connection with the trans-Canada highway, but why does he not tell us definitely whether the government is going to accept responsibility in connection with this work, or whether it is to be carried on under the exclusive management of the provinces? It is about time we should know. If this work is to be undertaken by the provinces, there is no use in discussing it any further.

Mr. LAPOINTE: The resolution gives authority to the governor in council to enter into agreements with all or any of the provinces respecting relief measures, but it does not state what the relief measures are to be. We have been told by the Prime Minister, and I believe by the Minister of Labour, that the policy of having work undertaken by the government alone or in conjunction with the provinces is to be discarded. We have been told that relief may be granted in cases of necessity; but, on the other hand, the resolution reads:

—to loan money to any province of such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance.

I was led to understand, from what the Prime Minister said the other day, that the policy would be to lend money to the provinces for the purpose of giving not work, but relief, assistance—the dole, if you like. Will the minister kindly tell us what the policy is going to be? Will it be merely the lending of money by the federal government to the provinces? If so, the government or parliament would be doing practically nothing; we would be merely lending the credit of the dominion to the provinces in order that they might help the unemployed by giving them money for food and other necessities. I do not think we have been given all the information, and I would ask the minister kindly to tell the committee what the government has in mind as to how this resolution and the bill to be based upon it will work out in practice.

Mr. GORDON: A few evenings ago I made some observations with reference to the discussions which had taken place over a period of many months with representatives of the various provinces with regard to taking care of destitute people, such as those to whom many references have been made in this debate as being in need of shelter, food and clothing. I am not at all in agreement with those who paint such gloomy pictures. It may be and probably is true that there are many people who refrain as long as they can from accepting direct relief even from their government or their municipality, but who ultimately have to do so. They have fallen on misadventure; they are out of work, and provision has been made, and very properly so, that people shall not suffer from lack of food, clothing and shelter.

I do not like to be reiterating what the situation was, because it is so well known to

us; but in the past a program was outlined for the purpose of giving work to the unemployed. In almost every activity, by governments, railroad companies, commercial and industrial concerns and so forth, there were many expansions that probably, in the normal course would not have been undertaken for one, two or three years. But I am not lacking in frankness when I say that the stringency of the financial situation rendered that course an intolerable burden to those who were subscribing to the fund to keep up that sort of program of works. The municipalities, which are creations of the provinces in which they are located, found themselves in many, I think in the majority of instances, quite unable to participate in any large way in contributing to programs of that kind. Some of the provinces, as hon. members well know, were unable to bear their share of the burden which in exceptional circumstances is largely their own, that is, looking after the destitute within their own borders when the community in which such people live cannot take care of them. Some of the provinces, as I say, found themselves utterly unable to carry the burden.

I do not think the members of the committee would care to have me go over again the situation in which the four western provinces found themselves. Not only could they not take care of their own share of the works that were outlined, but they had to borrow from the Dominion government money to take care of their share. Moreover, they found themselves utterly unable to take care of their obligations, both internal and external, falling due. That money had to be advanced, and I think it was very properly advanced to them. If one applies the strict rule of solvency or insolvency, they might be said to be insolvent in the sense of the word that they were not able to meet their obligations as they fell due, but none of those provinces is in fact insolvent. No hon. member would for a moment suggest that they are insolvent. They are, comparatively speaking, young provinces. I think it is a great tribute to the older provinces of Canada that they have been willing to lend their assistance. At least the expressions of view, as I have many times read them, of the leaders of thought in those provinces have reflected satisfaction in regard to the contributions which they, of coure, as the biggest taxpayers, have to make towards helping out the newer provinces of confederation. The burden, as I say, was great, and that was why it became necessary, in the view of the government, not to be content with casual meetings, if I may call them that, of premiers and other representatives of the provinces, but to have them all come to this city in order to have a free and frank discussion of the whole situation. The provincial representatives were very frank in their opinion that the time had come when the major portion of their work, so far as assistance to their people was concerned, would of necessity have to take the form of direct relief. I do not think we need call it the dole, because in spite of the pictures that have been painted in this chamber, I am well enough acquainted with certain lines of business, at least in this country, to feel confident that we are going to get through this period of depression, and I do not think the end will be long delayed. I do not for a moment believe that in some magic way the situation as we had it in 1928 and the earlier part of 1929 will be restored. I doubt very seriously if I would like to see it restored, because it will be recalled that at that time almost everyone in Canada with the speculative instinct developed at all was engaged in some sort of speculation and extravagant expenditure which he could not afford. I think there are many members of this chamber who, if they cared to admit it, would say that they too were engaged in speculation without regard to the future. Therefore I do not expect to have restored in a month, or even a year, the condition of affairs that existed in 1928 and in the early part of 1929.

In further reply to the observations made by the hon. member for Quebec East, I would say that the program of works which were got under way and are not yet completed, and which it will take a considerable time to complete, will be continued where the work is of a kind that once having been started could not be stopped without great loss. That will run into considerable sums of money, although I have not under my hand the exact amount of money that will be expended in the completion of these works.

Mr. GARLAND (Bow River): Just what type of work is the minister referring to?

Mr. GORDON: I did place on Hansard the telegram that was sent to all the provincial premiers after the conference that was held here so that there would be a clear definition of the arrangement that was arrived at. At the risk of repeating—

Mr. GARLAND (Bow River): I do not want the minister to go to that trouble, but would he just give an illustration of the type of work he has in mind?

Mr. GORDON: For instance, buildings that have been started, undertakings on which the work already done would be lost if the work was not completed. Take, for instance, the building of a sewerage system, or something of the kind. Then again there is a type of work that cannot be stopped without creating undischarged contractual obligations. With a view to determining what works will fall within these categories and what can be discontinued, I have had communication with the various provinces in order that the schedules may be carefully reviewed and nothing lost by reason of discontinuing works of a different character.

Mr. GARLAND (Bow River): Does the national highway come in that class?

Mr. GORDON: No, I do not think it does. I presume the hon. member refers to what is commonly known as the trans-Canada highway. I scarcely think it falls within that category. On the other hand, the trans-Canada highway probably stands aside and apart from strictly relief work. Moneys may be devoted to work upon the trans-Canada highway as a measure of relief in conjunction with the provinces, but no agreement has been reached on that point. However, it will undoubtedly be the subject of discussion when the agreements with the provinces are entered into. I do not think I can enlarge on what the provinces have in mind with a view to the future.

I have been asked what is being done in the interim between the end of last month and to-day. We are advancing no money other than to complete contracts already entered into. The provinces, the municipalities, and many, many societies in this country, which are earnestly trying to help people to help themselves, are not relaxing their efforts in any respect. I am not one of those who suggest that there is an overflowing well of money where all you have to do is to go with your pail and get it filled as occasion demands, and then hope against hope that from some place at present undefined you can get more money out of the willing taxpayer. I am sure every member well understands that these steps can only be taken having regard to the capacity of our people to pay, and every man, whether unemployed or employed, has to bear that in mind. The unemployed men must always remember that it is the employed man who has to bear this burden, and he should be extremely astute himself to take advantage of every opportunity to improve his position. I cannot imagine anything that is easier, at least for a time, than for a man to lie back and say: Somebody has either got to find me work or take care of me. But I do not think the normal man is going to be content long in that frame of mind. His own desire to become rehabilitated will early reassert itself. That condition of mind will not become a fixture with him. The normal man will take advantage of every opportunity, great or small. Mapping out that course for a person, we will assist through the agency of the provinces, and will at least see that there is no starvation, such as has been described, or destitution, in an endeavour to help the people over this most difficult and trying time. I am sure every member of this chamber is conscious of the fact that the whole nation, as reflected in this dominion, the provinces, the municipalities, and an innumerable number of industries and societies of all kinds, is straining every effort to join in a concerted and sustained endeavour to get the country over this trying period, and I am just as confident as I am of standing here that we are going to do it.

I cannot outline categorically the exact steps that may have to be taken, because each week and each month the picture changes; but I think the picture is improving. The reports that I get from British Columbia, to which a great deal of attention has been directed, seem to indicate improvement, and that is very gratifying. I know that in northern Ontario in my part, and that is the greater part, things are improving very materially. I know as a matter of fact that many hundreds of workmen have been taken on in the last few months, and I know that conditions have also been improving in northwestern Quebec, because I am very well acquainted with the situation there. But unfortunately, as soon as it is advertised that hundreds of workmen are being taken on and there is plenty of work in a certain section, and of course the story is always embellished, we have men coming in—I say this without a feeling of petulance at all about the newcomers into Canada, but they seem to be able to move around faster than the people who are born in this country; they come into the camps up there and are a problem. But the people are meeting it with very great courage, as I am sure that the people throughout Canada generally are doing.

Mr. LAPOINTE: As far as direct relief is concerned, that is providing money for destitute people who need food or shelter, do I understand the minister to say that the

dominion will contribute its share and will not simply confine itself to lending money to the provinces as we have been led to understand? Will the dominion contribute its share?

Mr. GORDON: We will lend the money to the provinces—

Mr. LAPOINTE: The dominion will only lend money?

Mr. GORDON: The dominion will contribute.

Mr. LAPOINTE: Not simply by lending money?

Mr. GORDON: No, we will give to the provinces, and of course the provinces are the only ones who are in touch with their own people and have the machinery set up to distribute the relief that these funds will provide.

Mr. GARLAND (Bow River): Could the minister state the percentage of relief costs to be borne by the Dominion government?

Mr. GORDON: The percentage of relief as between the provinces and the dominion has not been definitely settled. However all provinces will be fairly dealt wth, and I believe there will be little difficulty in arriving at a fair adjustment.

Mr. NEILL: The minister said conditions were improved in British Columbia. Did his information indicate what branch of industry had improved?

Mr. GORDON: Lumbering, for one—

Mr. NEILL: Lumber? Good Lord!

Mr. GORDON: Yes, and coal, for another.

Mr. MACKENZIE KING: I understood the minister to indicate that the government would both lend and contribute to the provinces. If I understood him correctly, he said contributions would be for relief purposes, and not for purposes of work; is that correct?

Mr. GORDON: Answering the first question, I say the dominion will give a percentage to the provinces by way of contribution. It may happen, as it has in the past, that some province may not for the moment be able to put up its share. In such a circumstance I believe the Dominion government would be justified in lending, and would lend to the province the share it would have to put up, taking in security, I presume, treasury bills.

With respect to the last part of the question, following the unanimous view of all the provinces—and I think I am fair in that statement—an effort will be made first to give direct relief to all those destitute and worthy people. At the present time so far as I am aware there is no program outlined by any of the provinces for anything in the nature of forced expansion of works in connection with buildings or things of that kind.

Progress reported.

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

[Mr. Lapointe.]

Wednesday, May 4, 1932.

The house met at three o'clock.

AERONAUTICS ACT AMENDMENT

On the order:

Introduction of bills: The Minister of National Defence—an Act to amend the Aeronautics Act.

Hon. D. M. SUTHERLAND (Minister of National Defence): Mr. Speaker, I ask that this bill be dropped.

Mr. SPEAKER: By leave of the house, the order will be dropped.

Order dropped.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay upon the table orders in council Nos. 1026, 1027, 1028, 1029, 1030, 1050 and 1051, passed pursuant to the provisions of the Unemployment and Farm Relief Continuance Act, 1932, all the orders relating to the expenditure of moneys.

LIVE STOCK RECORDS

Hon. ROBERT WEIR (Minister of Agriculture) moved for leave to introduce Bill No. 73, respecting the incorporation of live stock records associations.

Mr. MACKENZIE KING: Explain.

Mr. WEIR (Melfort): The original act of 1900 permitted the formation of live stock record associations. The act of 1912 repealed the act of 1900 and enacted the present statute making provision for a national live stock records board. The present bill is the outcome of administrative difficulties over the past twenty years, and the other change in the bill deals more with formative changes than anything else, grouping together in the act matters pertaining to records, associations, and enforcement.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CHURCHILL, ONT., POSTMASTERSHIP

Mr. VENIOT:

1. Who is postmaster at Churchill, Ontario?
2. When was the appointment made?
3. On whose recommendation was appointment made?
4. Who has the contract for carrying the mail over rural route from Churchill?
5. When was contract awarded? Were tenders called?
6. Was the contract awarded to lowest tenderer?

Mr. SAUVE:

1. E. H. Sloan.
2. March 1, 1895.
3. No information.
4. E. H. Sloan.
5. July 3, 1920. Yes.
6. Yes.

LEFROY, ONT., POSTMASTERSHIP

Mr. VENIOT:

1. Who is postmaster at Lefroy?
2. When was the appointment made?
3. On whose recommendation was appointment made?

Mr. SAUVE:

1. Miss Mary Victoria Sloan is in temporary charge.

2. July 26, 1927.

3. A temporary transfer became necessary and the district superintendent, Toronto, made arrangements with Miss Sloan who had post office experience.

HUDSON BAY RAILWAY

Mr. HOWDEN:

1. What was the entire cost of the Hudson Bay railway?
2. How much of the amount was absorbed by the railway, and how much by the terminal works?
3. Has the government taken any steps to obtain an insurance rate that would enable the grain growers of western Canada to avail themselves of the advantages of this railway?
4. If so, what steps have been taken?

Mr. CAHAN:

1. $49,772,506.11.

2. Railway, $31,904,802.76; Churchill terminals, $11,593,485.47; Port Nelson terminals, $6,274,217.88.

3. Yes, as regards marine insurance rates on ships navigating to and from Churchill.

4. In July, 1928, reports of meteorological observations and ice conditions as found during Hudson strait expedition of 1927, which was organized and conducted by the Department of Marine to obtain accurate information in regard to ice conditions and to study the requirements necessary to ensure safe navigation in Hudson strait, were forwarded through the High Commissioner, London, to the Imperial Shipping Committee, then discussing insurance rates for the route to Churchill. Each succeeding year to date additional information as obtained from hydrographic survey and patrol vessels maintained by the Department of Marine in Hudson strait has been forwarded to the Imperial Shipping Committee, as well as reports on aids to navigation established by the Department of Marine in Hudson strait and Hudson bay, namely, direction finding stations at Nottingham island, Cape Hope's Advance, Resolution island, and Churchill.

On the representations made by the Imperial Shipping Committee to the underwriters outlining the facilities afforded, and in view of the fact that a high-powered icebreaker with salvage equipment is kept by the Department of Marine in Hudson strait during the season of navigation, a reduction in the marine insurance rates, originally proposed, was obtained in 1931.

The Imperial Shipping Committee is continuing its negotiations with the underwriters with a view to still further reductions in the insurance rates. More recently information was furnished regarding the visual aids to navigation which the Department of Marine is preparing to establish in Hudson strait this coming season.

EAGLE, STAR AND BRITISH DOMINIONS INSURANCE CO., LTD.

Mr. DUFF:

1. Has the Eagle, Star & British Dominions Insurance Company, Limited, complied with Canadian laws with respect to taking out a licence to do business in Canada?
2. What amount has said company deposited with the authorities, either in cash or in bonds, to protect Canadian policyholders from loss?

Mr. RHODES:

1. Yes.
2. $389,784.

TOKIO MARINE AND FIRE INSURANCE COMPANY

Mr. DUFF:

1. Has the Tokio Marine & Fire Insurance Company of Tokio, Japan, complied with Canadians laws with respect to taking out a licence to do business in Canada?
2. What amount has said company deposited with the authorities, either in cash or in bonds, to protect Canadian policyholders from loss?

Mr. RHODES:

1. Yes.
2. $92,000.

WESTERN ASSURANCE COMPANY, LIMITED

Mr. DUFF:

1. Has the Western Assurance Company, Limited, complied with Canadian laws with respect to taking out a licence to do business in Canada?
2. What amount has said company deposited with the authorities, either in cash or in bonds, to protect Canadian policyholders from loss?

Mr. RHODES:

1. Yes.
2. $237,841.

CURRENCY ADVANCES TO BANKS

Mr. REID:

1. What amount of currency was advanced to the banks under the Finance Act, for the months of October, November and December, 1931, and January, February and March, 1932, giving the respective amounts in each month?
2. What rate of interest was charged to the banks for the advances made to them during these months?
3. What security did the banks have to put up for the advances made?
4. Were those advances made by way of loan, and if so, for how long a period?
5. Did the rate of interest charged the banks vary throughout those months?

Mr. RHODES:

1.

October, 1931	$ 27,000,000
November, 1931	56,500,000
December, 1931	47,500,000
January, 1932	23,500,000
February, 1932	25,500,000
March, 1932	22,000,000

2. Until October 26, 1931, 4½ per cent on advances against all securities other than 4 per cent treasury notes in connection with which 3¾ per cent was the authorized rate. Effective October 26, 1931, the rate was reduced to 3 per cent on all advances.

3. Advances to the amount of $178,803,000 were made against Dominion of Canada securities and $23,197,000 against approved provincial and municipal securities as provided for by section 5 of the Finance Act.

4. Yes. Repayable at any time before May 1, 1932.

5. Yes. See answer to question 2.

QUESTION PASSED AS ORDER FOR RETURN

POLITICAL PARTISANSHIP

Mr. POULIOT:

In how many cases, since August, 1930, has a postmaster charged with active political partisanship been replaced temporarily or permanently by a person making the charge or giving evidence against him?

[Mr. Rhodes.]

Mr. SAUVE:

In view of the fact that it will take some time to prepare the answer, it is recommended that this question stand as an order for return.

UNOPPOSED MOTIONS FOR PAPERS

UNEMPLOYMENT AND FARM RELIEF

Mr. RALSTON:

For a copy of all bills, accounts, cheques and correspondence, respecting logs purchased for or used on the North Sydney breakwater extension, done under the Unemployment and Farm Relief Act of 1931.

Mr. BENNETT: That could refer only to such accounts, cheques and correspondence as are under the control of this government.

Motion agreed to.

UNEMPLOYMENT AND FARM RELIEF

Mr. MERCIER (St. Henri) (for Mr. Pouliot):

For a copy of all orders in council in connection with aid to farmers, since August 1, 1930.

Mr. BENNETT: This is not a motion to which any adequate measure of response can be given. The returns have already been brought down, under the Unemployment Relief Act, in connection with various sums that were paid out under the provisions of the statute.

Mr. SPEAKER: In the absence of the hon. member, and in view of the large number of these orders in council that have already been produced, the motion had better stand.

Motion stands.

ST. ARSENE, QUE., POSTMASTERSHIP

Mr. MERCIER (St. Henri) (for Mr. Pouliot):

For a copy of all correspondence exchanged between all persons from Riviere du Loup and Mr. Tanner Green, post office administrator at Quebec, from July 1, 1926, to September 14, 1926, and from August, 1930, to date; also all reports or other documents signed by the said Mr. Green in connection with the appointment of a postmaster at St. Arsene, county of Témiscouata, during the same period.

IMPERIAL ECONOMIC CONFERENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The Prime Minister was kind enough to say that when the item respecting the Imperial conference, which is in the miscellaneous estimates, came up for discussion there would be an opportunity to

discuss matters pertaining to the conference. May I ask the right hon. gentleman whether he could conveniently indicate a day on which that item might be taken up and also whether that date might be fixed in the near future instead of being left to very near the end of the session.

Right Hon. R. B. BENNETT (Prime Minister): I will give consideration to the request of the right hon. gentleman and try to advise him on Friday.

INQUIRIES FOR RETURNS

On the orders of the day:

Mr. ROBERT McKENZIE (Assiniboia): On March 23 last an order of the house was passed for the production of a telegram received by the Prime Minister from the province of Saskatchewan, to which he referred in his statement on the farm relief bill on July 29 last. May I ask when this return will be brought down?

Right Hon. R. B. BENNETT (Prime Minister): I thought it had been brought down.

Mr. McKENZIE (Assiniboia): Not yet.

Mr. JOHN VALLANCE (South Battleford): Yesterday I called the attention of the Prime Minister to an order which was passed by the house for a return I asked for about three weeks ago, and he said it was answered in a return asked for by the hon. member for Assiniboia (Mr. McKenzie).

Mr. BENNETT: A question.

Mr. VALLANCE: A question, yes. Looking up the answer I find that it is not complete. I would again direct the attention of the Prime Minister to the matter.

Mr. BENNETT: Mr. Speaker, I tried to explain to the hon. gentleman that the directions with respect to the acquisition of options for wheat were given verbally when Mr. McFarland was here and the options were turned over to the milling companies at a price of 53 cents. Subsequently the amount was cut down from some 300,000 odd barrels to 250,000 barrels, the quantity of wheat required being reduced and the options being reduced accordingly. The answer given to the hon. gentleman was obtained by making inquiries of the milling companies as to how the distribution of orders was made. The original order was given to the secretary and not to the individual millers.

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UNEMPLOYED IN NORTHERN ONTARIO

On the orders of the day.

Mr. J. A. BRADETTE (North Timiskaming): Mr. Speaker, may I direct the attention of the government to the possibility of there being a substantial trek of unemployed into northern Ontario this summer, and ask the Minister of Labour (Mr. Gordon) to do his utmost to discourage any such pilgrimage.

COMPANIES ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 69, to amend the Companies Act.

Motion agreed to.

On the order for third reading of Bill No. 61.

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, the law officers of the crown have suggested that bills numbered 61 and 69, which are really slight amendments to the Companies Act, had better be consolidated into one bill by adding the first section of Bill No. 69 as the fourth section of Bill No. 61. Therefore, I move, seconded by Mr. Ryckman:

That Bill No. 61, to amend the Companies Act be not now read a third time but that it be referred back to the committee of the whole with Bill No. 69, to amend the Companies Act, with instructions that the committee have power to consolidate said bills into one bill, bearing No. 61.

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

Mr. CAHAN: Mr. Chairman, I move that section 1 of Bill No. 69 be added as section 4 to Bill No. 61, and that the words in the new section 4, "Companies Act, chapter twenty-seven of the Revised Statutes of Canada, 1927" be struck out and the words "principal act" be inserted in lieu thereof.

Motion agreed to.

Section 4 agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

The house resumed from Tuesday, May 3, consideration in committee of the following proposed resolution—Mr. Gordon—Mr. LaVergne in the chair:

Resolved, that it is expedient to bring in a measure to authorize the governor in council to enter into agreements with all or any of the

provinces respecting relief measures in such province or provinces; and to pay out of the consolidated revenue fund such sums as in his discretion may be required to meet the obligations created by such agreements; to provide for special requirements in the national parks and in the drought stricken areas of the province of Saskatchewan; to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine; to loan money to any province on such terms as may be agreed upon and to guarantee the repayment of moneys borrowed by such province and to assist any province in any way that may be deemed necessary or advisable to provide for the relief of distress and the support and maintenance of those requiring assistance, and to loan money to and guarantee the payment of money by any public corporation or undertaking.

Mr. CASGRAIN: Mr. Chairman, I should like to direct the attention of the minister to certain questions I put to him on April 28 when this resolution was before the house. I asked the minister if, under this legislation, farmers in the province of Quebec in need of seed grain would be able to obtain it by applying either to his department or to the Department of Agriculture. As I stated on that occasion, I have received a great number of requests from farmers in my constituency who are in need of seed grain. In the past certain privileges have been granted to the farmers of the west in connection with seed grain and I do not see any reason why the farmers of Quebec should not be granted similar privileges. At that time the minister stated that it was not within his knowledge that the provincial government, through its premier or minister of agriculture, had received requests from farmers who were in need of seed grain. The hon. member for Quebec East (Mr. Lapointe) then addressed himself to the minister as follows:

> My information is that the Minister of Agriculture of Quebec last year made application to the Department of Agriculture for seed grain and was told that there was nothing for him.

Since this debate took place last week, in view of numerous requests I had received from my people, I addressed to the Minister of Agriculture a letter of which I have a copy in my hand and to which I have not yet received a reply from him. This letter is as follows:

> Ottawa, April 29, 1932.
>
> Hon. Robert Weir, P.C., M.P.,
> Minister of Agriculture,
> Ottawa, Ont.
>
> Dear Sir:
>
> I have received within the last few weeks, several requests of certain electors of my county, asking me to obtain seed grains for them, for seeding this spring.
>
> They claim that on account of the bad financial situation in which they are at the present time, they cannot afford to buy said seed grains. I know that in the past, certain special privileges have been granted to western farmers in such a way as to enable them to obtain such seed grains to help them in their seeding operations.
>
> I shall be very much obliged to you if you could let me know what can be done for the farmers of my county to obtain said grains.
>
> Yours very truly,
>
> Pierre F. Casgrain.

Before this resolution passes, I think it is the duty of the minister to tell the house and the country at large what would be, under this legislation which we are called upon to adopt, the standing of the farming community, not only in Quebec but in the eastern provinces. Last year a bonus was given on wheat to help the western farmers, and people in our province requested the same treatment in connection with the dairy and, particularly, the butter industry. During the course of the provincial election last year some promises were made by members of the federal government who were helping the opposition in Quebec in their fight against the local government, but nothing material was enacted by this government to help the farmers of my province.

During the debate on the budget the hon. member for Dorchester delivered an admirable speech wherein he stated that it was time for the government to lay down a policy for assisting the farmers of eastern Canada as those of the west had been helped in years past when they were in need. Without saying too much about the people of Quebec being in dire necessity to-day, I think the farmers of my province—and I know I am safe in saying this as regards those in my county—are really suffering and in need of help from the federal government. What policy has the minister to enunciate along the lines I have just mentioned, in order to help the farmers of Quebec to buy seed grain for the present seeding season?

Mr. GORDON: The interrogation of the hon. member is very fair and proper. As is well known, advances for seed grain for farmers were made at the instance of a number of provinces and the federal government assisted with respect to funds to pay for the same. If there is in Quebec a condition that would seem to the local government to be beyond their capacity to take care of as a province, and a submission is made to the federal government, I have no doubt it will be taken under review and justly dealt with.

Mr. HEAPS: I wish to refer particularly to the question of lien notes which were submitted by the provincial governments and municipalities to persons who were recipients

of relief. As I understand the matter, the federal government was not a party to the demand to sign notes, made upon those individuals who were so unfortunate as to require relief, but I believe this action was taken by provincial governments and certain municipalities. According to the arrangement made between the federal government, the provincial governments and the municipalities, one-third of the cost of direct relief is paid by the province, one-third by the municipality and one-third by the federal government. The federal authorities, so far as I understand the situation, have not requested that their share of the money be refunded to them. Therefore, it appears to me that the provinces and the municipalities who are demanding the return of the federal share of the relief obtained are asking for more than is coming to them; that is, they are attempting to collect funds which were a contribution of the federal government and to which they are not entitled. I should like to have a statement from the Minister of Labour as to whether it is legal for the provincial and municipal authorities to attempt to collect funds which they have not been asked to collect and which do not belong to them.

Mr. GORDON: I believe the taking of these notes from people who received assistance in western Canada sprang from a desire on the part of many people, particularly in the drought stricken areas of Saskatchewan, who through that great misadvanture, found themselves, through no fault of their own, in that situation, not to accept a gratuity even in their time of distress. Many of them insisted on giving a note, and in doing so I think, they exhibited a degree of courage that is highly commendable. I believe it was on account of that fact that the practice was invoked to take a note from everybody.

As regards the repayment of these notes, if they are repaid, this is a question merely of adjustment between the federal authorities and the province concerned. But I think I can frankly state to the committee that the federal government has no intention of taking advantage of the necessity of the situation in order to enforce payment of the notes which the parties give for relief accorded to them. I intend to inquire carefully into the matter that I may acquaint myself more thoroughly with the reason for taking these notes, although I think the one I have given is correct. Certainly the matter should not present any problem difficult of adjustment.

Mr. HEAPS: In certain parts of the country, the giving of relief is contingent upon the individual signing a note, and where he refuses to do so, I understand no relief is obtained. Has the federal government been a consenting party to demanding these signatures from recipients of relief? Further, does the minister think it is legal for the provinces and municipalities to demand the payment of money which does not belong to them?

Mr. GORDON: I am advised that the taking of these notes in Manitoba was as a result of a conference betwen the provincial authorities there and the municipal authorities of Winnipeg. I cannot state it was the suggestion of the provincial authorities, but it was with their approval and concurrence that the notes were taken. The local authorities may have been inspired to take the course they did because there are people who are inclined to take advantage of the situation. At any rate I am advised on good authority that the notes taken in Manitoba were taken at the suggestion or with the approval of the provincial government and the municipal authorities of Winnipeg. I can only reassert that I will inquire carefully into the situation to see that hardship and injustice do not follow.

Mr. HEAPS: Suppose a person was in receipt of $100 worth of relief. Out of that $100, one-third, or $33.33, is contributed by the federal government. It appears from my information that the local governments, provincial and municipal, are insisting upon the repayment of that part of the money given by the federal authority as its contribution towards relief. I would like to know what authority they have to collect federal funds.

Mr. GORDON: The taking of notes in the province of Manitoba was not done with the approval of the federal government.

Mr. HEAPS: I am glad to hear that.

Mr. GORDON: I can well understand that people might want to give notes or some other acknowledgment of advances made to them. That is not an unusual thing. I feel perfectly certain that if I got a gratuity or an advanec from anybody I would like to give some acknodwledgment of that assistance. That undoubtedly may have happened. I am not criticizing the provincial government or the municipality of the city of Winnipeg, but so far as this government was concerned it was not advised that that course was being taken. I can only repeat that I will inquire into the situation to see that hardship does not follow as a result of what has been done.

Mr. CAMPBELL: I would like to draw attention particularly to that part of the reso-

lution which gives the government power to assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine. Would the minister give us some idea of what is involved and what it is proposed to do in that regard?

Mr. GORDON: The language of this resolution, as the hon. member undoubtedly knows, was used in the bill of last session. I am not at present able to say whether or not an occasion arose where such action was taken or could have been taken. At any rate, the intention is to invest the government with power during the recess of parliament, should the occasion arise, to take any steps that are within the contemplation of the language of this section. I cannot forecast what the future may develop, and therefore I cannot give the hon. member any further information than that.

Mr. CAMPBELL: I want to make clear that I am not complaining of this provision; on the contrary, I am very glad it is there. I know that last year this particular feature of the legislation was used to assist the pools in a difficulty. I was wondering if any such thing as a bonus on wheat was contemplated under this provision this year.

Mr. LAPOINTE: The hon. minister in reply to my hon. friend from Charlevoix-Saguenay said a few moments ago that if proper steps were taken to place before the government a request for help on the part of the farmers of the province of Quebec in the matter of securing seed grain, it would be fairly dealt with. I said the other day that I had been informed that such a request had been made last year, but was not entertained. I have now the correspondence, and I find that as a matter of fact the Department of Agriculture of the province communicated with the federal Department of Agriculture and after many letters had been exchanged, was informed that they could not get anything. Later on Mr. Guimont, deputy director of unemployment relief for the provincial government, also had communication with Mr. Hereford, the dominion director of unemployment relief, with regard to this question, and there again he was informed that no help would be given so far as seed grain was concerned. The minister says that if proper steps are taken the request will be dealt with fairly. I would like to know from the minister just what he requires. What does the government need in order to view favourably the granting of help to the Quebec farmers in the way that such help has been granted elsewhere?

[Mr. Campbell.]

Mr. GORDON: I think the process is not one that is very much involved. If representations are made to the government of the province of Quebec disclosing that a condition exists in that province under which some assistance is required which the province itself is unable to take care of, and if communication is made to this government disclosing those facts, certainly the province of Quebec or any other province will not be dealt with unfairly. The same consideration, I trust, will be given to every province in Canada.

Mr. LAPOINTE: So the province has first to plead poverty or a state of destitution in order that the farmers within its borders may secure help from this government?

Mr. CASGRAIN: No answer.

Mr. KENNEDY (Winnipeg): I should like to make a few observations on this resolution, but before doing so I wish to convey to you, Mr. Chairman (Mr. LaVergne), my appreciation as one of the younger members of this house upon your return, sir, to sit again at the table and preside over the proceedings of the committee of the whole. In voicing my appreciation of your return to health and to your labours in this house, I believe I express the feelings of hon. members on both sides of the house.

Some hon. MEMBERS: Hear, hear.

Mr. KENNEDY (Winnipeg): It is a very great pleasure to see you back again, Mr. Chairman, and looking so fit.

On the question of unemployment relief I have not during this session taken up a great deal of the time of the house. It is not my intention to do so to-day, but if my remarks are a little more extended in committee than might seem usual I hope it will be appreciated that I am speaking to this resolution under a sense of duty to the city of Winnipeg from which I come.

The problem of unemployment in the city of Winnipeg is almost unbearable. As a representative from that city it was with very considerable concern that some time ago I saw it announced in the public press that on and after May 1 last all unemployment relief measures would be confined to direct relief. I took occasion some ten days ago to remark that if such were the policy to be followed it would in my opinion be deplorable and it is therefore a matter of great satisfaction to find that the resolution as introduced into this house is couched in language indicating that the measures to be taken will not be confined to direct relief, but rather that the

government is taking authority under the bill which will follow the resolution to enter into such arrangements with the different provinces of Canada as may be deemed expedient. It is desirable in my opinion that the power granted to the government should be most elastic. True it is, as has been intimated, that as a result of the conference held between the federal government and the representatives of the various provinces on April 9 last, there was more or less general agreement that unemployment relief works should not be continued on the former scale. To my mind, the nature of the relief works to be carried on is primarily a matter for the decision of the provinces. Figures prove very little, but for what they are worth I offer a few so as to lay a background for the whole matter.

The only approximate survey or registration made as to the extent of unemployment in Canada was prepared in September of 1931. The records show that on September 1, 1931, the needy unemployed in Canada numbered about 379,000; in Manitoba, my native province, there were about 41,000.

Is the condition cured? From time to time hon. members opposite seem to take a great deal of pleasure in pointing out that it is not. Some say the condition is worse than it was before. That is a consideration which to my mind does not go to the root of the question. It comes down to this: We have a condition of unemployment in Canada; whether it be in a measure greater or less it is still a matter of national importance, and it is the privilege, yea the duty of this House of Commons to endeavour to deal with it.

What has been done? I am not going to enter into details. Hon. members are familiar with the steps which have been taken. Since September, 1930, there has been a frank recognition by this government of the fact that unemployment in Canada had reached a stage where it had become a matter of great national concern. There has been a large measure of cooperation between this government and the governments of the various provinces from the session of September, 1930, until this very day, and it is the hope of all that that measure of cooperation will continue.

I shall now say a few words concerning the resolution before us. As it is already on record, I shall not take occasion again to place it on Hansard. The agreements to be entered into with the various provinces are matters for negotiation. The means by which those agreements will be worked out in the various provinces in my opinion is primarily a matter for the consideration of the particular provinces involved. Relief is essentially a local matter, we must recognize that the municipalities, the lowest unit of government, know their problems better than any other body. The provinces, in turn, know best their particular problems. So I say that whatever agreements are entered into should be worked out in the light of the conditions prevailing in the particular provinces.

I refer to another matter to which attention has been brought in this house, namely the back to the land movement. This matter has received extensive consideration in the province of Manitoba. There has been an intimation that the settlement or reestablishment of unemployed men upon plots of land will be restricted to crown lands. I realize that is not a declared governmental policy, and that no definite agreements have yet been made. I think however the present is the opportune time to draw to the attention of the minister this fact: I realize the evil that is apprehended and which it is the desire of everybody to forestall, namely that in connection with any movement on the part of governments to acquire lands for the unemployed the avidity of certain members of the real estate fraternity will be such that there will be a tendency to exploit governmental purchasers. That was the experience in connection with the movement to settle ex-service men upon the lands after the war. The suggestion is that in order to forestall such an eventuality only crown lands be made available. To my mind such action would be like amputating a leg to cure a corn.

Some of the most suitable lands are not crown lands. Men cannot be taken out with no equipment and only a few hundred dollars and placed on bush lands. Behind it all there must be the probability that with the measure of support or assistance they may get they will stand a reasonable chance of taking their living from the soil. I suggest there should be chosen farms already under cultivation or partial cultivation, and with buildings thereon. In Manitoba, and I have no doubt in other parts of Canada, there are improved lands in various municipalities which for one reason or another have come back to those municipalities. Lands have come back under various farm loan boards; lands are a drug in the hands of mortgage companies. I suggest therefore that the back to the land movement, a possible relief measure, be not cabined and confined by restriction to crown lands, but that the difficulty be met by providing that in each province—and I speak particularly for my province of Manitoba—there shall be a board of public spirited men to work in cooperation with provincial and federal governments who will have charge of the matter. It is not my privilege to suggest names, but in the city

of Winnipeg I know public men, hard headed business men, men experienced in farming, who would not only be willing but would consider it a privilege to serve upon a board such as I have in mind, and their services would be given free of cost to Canada. If in centres like Winnipeg we can have a board such as the one I have suggested, men who are willing to do something at this time of crisis, to do it willingly and patriotically, not only will it cost Canada nothing but we will receive the best possible measure of service.

What can be done? Sometimes when listening to the criticisms, taunts and jibes thrown across the floor by hon. members opposite, sometimes when I see the partisan articles in the party press of this country, I am almost driven to think there are people today who are happy in the thought that the question of unemployment has not been cleaned up, and that it is still a matter for party acrimony. Such an attitude, whether on the part of public men, private citizens or the press is in my view to be deplored. Are there any grounds for such an imputation on my part? I shall refer briefly first to the press.

Hon. members will recall that on April 22, when the Minister of Labour was dealing with the question of unemployment relief, he was pressed by an hon. member for a definite statement, a yes or no, as to whether or not the back to the land movement would receive the support of the government. I was present on that occasion as were other members. Next morning the Manitoba Free Press contained an article with this headline carried all across the front page in inch type:

Ottawa Rejects Back to Land Plan

Yet the very article itself contains this answer by the minister:

The government is not yet prepared to agree.

Is that a rejection? Those who have any familiarity with the conduct of government know that if a matter has not been definitely decided upon by the cabinet, a minister finds it necessary to consult his colleagues before making any announcement as to policy. When pressed by the hon. member for Winnipeg North Centre (Mr. Woodsworth) to say "yes" or "no," his answer was that "the government is not yet prepared to agree." We know perfectly well that very shortly afterwards it was announced in this house that the government was prepared to cooperate. Someone suggested the administration was driven to it by virtue of the questions put in the house. I do not think so. In the Ottawa Citizen of April 28, five days later, I find the following:

Government aid to Unemployed to Gain Their Living on Land

Hon. W. A. Gordon announces scheme to enable families to obtain subsistence. Federal assistance subject to equal contributions by provinces and municipalities concerned in each case.

"This is in no sense a government-aided land settlement scheme," said Mr. Gordon, "but an application of relief expenditure to enable families receiving relief to contribute to their own maintenance by labour on the land, where they may eventually establish themselves on a self-supporting basis."

Next I am going to refer to the attitude of public men on this question, and I am glad the hon. member for Winnipeg North Centre is in his seat, because it is my intention to refer to certain speeches delivered by him outside the house. What I am about to say is actuated by no spirit of recrimination or of party politics, but it is germane to the attitude of the party press and party men to this question. It will be recalled that objection was taken by hon. gentlemen opposite to what were described as unauthorized measures taken by this government under the "blank cheque" authority of the 1931 act. Some rather extravagant statements were made that under those powers the Royal Canadian Mounted Police force had been increased; it was also stated by one member that on a recent occasion an armoured car was careening about these buildings; another member referred to the purchase by the government of machine guns, tear bombs, and the like; the implication of all this being that so far as the public was concerned the government had acted illegally, and the phantom was conjured up that in some way or another these measures were directed against our unemployed in case of trouble of any sort. The house heard the definite explanation given by the Prime Minister very shortly afterwards, on March 23, when he said:

I have listened with the utmost amazement to some of the statements that have been made in this house as to why we should not be entrusted with this power. An hon. gentleman yesterday resumed his seat after I had heard him state that we should not be entrusted with this power because we had increased the mounted police. We did. We made a bargain with certain provinces by which we assumed responsibility for the policing of those provinces, and for which we are being paid. We increased the number of the police, and increased it for other reasons as well—the peace, order and good government of Canada—that there should be no possible chance of the breaking up of those institutions which this country has regarded so highly.

The hon. gentleman went on to say that we provided machine guns. Not a single machine gun is owned by the mounted police. The hon. gentleman said that we had bombs provided for the mounted police. So there were. They were tear bombs to escape the possible charge, if there be a riot or insurrection or difficulties, that the most humane methods were not used for the purpose of quelling it. The constables of Canada, having met, recommended that in such cases tear bombs would be highly desirable, and we supplied our police with numbers of them. Those are the bombs we had. . . .

No tanks are owned by the mounted police of the government. The only armoured car was the one belonging to the Department of Finance which conveys securities from the express office to the parliament buildings.

Now, Mr. Chairman, we must assume that the hon. members who referred to these specific things believed that the Royal Canadian Mounted Police force was increased for the express purpose of dealing with meetings of the unemployed, but this statement by the Prime Minister should have been sufficient to correct any misapprehension on their part. Yet the hon. member for Winnipeg North Centre, speaking in the city of Winnipeg on Easter Sunday, is reported in the Manitoba Free Press of March 28, under this heading:

Woodsworth sees danger in "blank cheque" proposal.

Already, he said, under the blank cheque voted by parliament at the last session, the sum of $250,000 was appropriated to increase the Royal Canadian Mounted Police, and equip them with machine guns, tear bombs, and such riot quelling arms.

The report continues:

"It is a serious thing," Mr. Woodsworth repeated, "this province falling for the bait of the Royal Canadian Mounted Police."

He is referring to the federal government taking over the policing of the provinces.

It means that Ottawa has at command a highly centralized military police force scattered all over Canada. I never thought we would come to that. I am told the western provinces fell for the bait because of their financial condition.

The Winnipeg Tribune of the same date reports the hon. member in these words:

Alleging that the Bennett government had made improper use of the "blank cheque" powers accorded it a year ago, J. S. Woodsworth, M.P., for Winnipeg North Centre, speaking Sunday at the Agnes street labour hall, ascribed the blockade tactics of the opposition in the House of Commons to the fear of further improper use. . . . About $250,000 had been used to increase the mounted police force in the alleged interest of public security. Machine guns, tear bombs and other riot-fighting equipment had been purchased simultaneously with the increase in the force.

Now, I submit that after the matter had been discussed in this house and a definite statement made upon it by the Prime Minister, to appear before a meeting of the unemployed in a centre like Winnipeg, where there are many unemployed, and naturally there is much discontent, and again to recite in substance what he had stated in this house, although partially correct, was incorrect in that it did not fully state the case. I submit that the hon. member, in all fairness, should on that occasion, have explained to that audience that no doubt a very considerable portion of the increase in the Royal Canadian Mounted Police was due to agreements then in contemplation and since carried into effect, whereby the federal government has taken over the policing of the additional provinces of Manitoba, Alberta, New Brunswick and Nova Scotia. Then the people would have had the full picture. But withholding that explanation, I submit to this house, gives the people a wrong and unfair view of the whole situation, and whatever the intention may be it has the effect of stirring up additional discord, mistrust and discontent.

Now as to whether or not the province of Manitoba was "baited" by this government and induced to allow the federal government to take over its policing, I refer the house to a statement published in the press and prior to the time that this speech was delivered. I have reference to a statement by the Hon. W. J. Major, K.C., Attorney General of Manitoba, which was published in the Free Press of April 8, with regard to the Royal Canadian Mounted Police. The statement appears under the following headings:

Says Manitoba does not surrender rights in merger of police.

Attorney General Major tells legislature province will save $125,000 by amalgamation.

Declares union of forces first discussed in Saskatchewan and Alberta, not Ottawa.

That is from the Attorney General of Manitoba, not politically friendly to this government. Continuing, the article goes on:

There will be absolutely no surrender of provincial rights in the agreement with the dominion for the merger of the Manitoba provincial police force with the Royal Canadian Mounted Police, Hon. W. J. Major, K.C., told the legislature at the night session Thursday.

The attorney general said there would be a saving to Manitoba of at least $125,000 in police costs, and he pointed out, in reply to labour members, that the amalgamation was not initiated at Ottawa but was discussed first of all in Saskatchewan and Alberta, which were greatly concerned with reduction in expenditure.

Yet we have the charge that they fell for the "bait" of this government.

I am not going to read any more of these extracts, but in fairness I should refer to the statement which was alluded to yesterday by the hon. member for Winnipeg North Centre (Mr. Woodsworth)—and in this he will give me credit for being fair. The hon. gentleman yesterday referred, I believe, to a reported speech of the chief commissioner of the Royal Canadian Mounted Police, said to have been delivered in Toronto on Vimy night, April 9 last. I have before me a copy of the Mail and Empire of April 11, in which the chief commissioner is reported as having said:

> . . . that if the country were rid of communists there would be no unemployment in Canada.

I agree with the hon. member for Winnipeg North Centre that such a statement is ill-advised; I submit that a statement of that sort tends to create discord and discontent. It is rather an ill-considered and extravagant statement. As I have shown, we have nearly 400,000 unemployed. Applying this fact to such a statement, does anyone think that there is any number of "reds", so-called, in this country comparable to 400,000? And in passing, let me say that this term "reds" is used very inconsiderately and thoughtlessly and has a very bad effect upon the people of the country. I will give one illustration from Winnipeg. We sometimes hear that Winnipeg is "red"; it is not "red." On the first of May some 4,000 men marched in procession through that city. They were quite orderly and there was no trouble because of that procession, even with conditions as they are. This is a fact.

But within my own personal experience, I may say that during the Easter recess I had occasion to go to Winnipeg and in the west end of my constituency, in the municipality of St. James, there was held a meeting by, mark you, the unemployed association of that municipality. The meeting was held in the basement of Britannia school and was crowded; there were 400 or 500 people present. I want you to know that many of these were unemployed men, heads of families, who under the unemployment relief were getting probably only two days' work a week, so that they were living close to the bread line. I had occasion to address them and I explained what was being done. I will not go into details, but I may say that a good many of them were old countrymen. I recognized in that audience, too, a lot of men who, to my personal knowledge, served their country in those years from 1914 to 1918. They bore on their bodies the scars of that service, and yet they were hungry and unemployed; but to my utter amazement and, I must add, delight, when that meeting closed they rose and, at the suggestion of the chairman, sang, to a man, "God Save the King." Now, hungry men who are out of work and right up against it and who, in a meeting like that, called specially to deal with the question of unemployment, will respond in that way, are not "reds". There is nothing the matter with them; they are the best that this country can produce. They served their country well before and will serve it now. Let us, therefore, cut out a lot of this too-generous labelling of the unemployed as "reds".

One more remark and I am through. My appeal, not only to the members of this house on both sides but to the public, the press and the individual, is that at a time like this the keynote of our attitude towards this whole question should be real cooperation, not lip service but real service; less rocking of the boat and a little more pulling at the oars. If we do this, and if individuals and community service clubs and local organizations will approach the problem from that point of view, it will be far better for Canada.

Let us recognize that no government alone can solve a problem like this. A government can direct it to some degree; it can direct our efforts, but the final success of the scheme must depend upon individual effort and the stamina of our citizens.

Canada has gone through bad times before, God knows, and in those days it was that something that was in the people of this country that enabled them to pull through. Upon what did they draw in those days? Not upon themselves alone. Each individual drew upon tradition, if you like; he drew upon something which, through tradition, through the generations that had gone before, had been put into his blood. Whether it was iron, or courage, or steel, whatever you like to call it, it was something that had been put there by the generations from which we have sprung. We in Canada spring from the finest races this world has known. We spring from English, Scotch, Irish, Welsh and, I may say too, from the best of other lands. And in passing let me make this observation, that we should be careful in this country at this time, when we speak of discrimination against the foreign-born, to remember that they have been invited to Canada; and whether a nation be great or small, the fact that it persists as a distinct nationality is due, not to any inherent weakness, but to the fine gold of that race. If we have nationals from countries other than Anglo Saxon countries, let us take care to nurture

what we have and give them a fair chance. In my opinion our greatest asset is that source of strength from which we draw, and drawing upon it, let us cooperate as Canadians and work together for the solution of this problem.

Mr. VENIOT: I direct the attention of the hon. member for Winnipeg South Centre (Mr. Kennedy) to the fact that in discussing the races which make up our population he left out one very important race.

Mr. KENNEDY (Winnipeg): I am indeed very happy to include that magnificent and gallant race, the French.

Mr. CASGRAIN: The French Canadians, the vanguard of Canada.

Mr. WOODSWORTH: Mr. Chairman, I happen to live in the constituency of the hon. member for Winnipeg South Centre, so in one sense he may be considered to be my representative in the house. He has undertaken to read me rather a mild lecture with respect to a speech I made in Winnipeg during Easter time. It is not my intention to take more than a few moments to discuss this matter. In commencing his speech, the hon. member called attention to some misrepresentations which the Free Press had made recently in connection with the attitude taken by the Minister of Immigration (Mr. Gordon). Possibly he will realize that the newspapers might not fully represent my own position. The Minister of Justice (Mr. Guthrie) has stated that we ought not to take the press too seriously. I do not suggest that the press has misrepresented me, but when it undertakes to condense a full speech into a paragraph, one can readily understand that that paragraph may not contain all that was said during the course of an hour's address. As a matter of fact, a correspondent of the Tribune called attention to some of the statements which had been made, and some time ago I made public in the Tribune my own attitude on the subjects discussed. If I used the term "machine guns," to which exception has been taken, I admitted that I had made an error, although I am not sure whether or not I did use the term. I quoted from the order in council which provided for an appropriation of a very considerable sum to be made for extra police purposes. The Prime Minister himself has said that this extra police force was needed not only for the additional work involved in policing the provinces but for other purposes as well. However, yesterday afternoon I said all that I had in my mind with regard to the increase and centralization of the Royal Canadian Mounted Police, and I do not need to cover that ground again.

Coming back to the question of unemployment relief, I should like to make one last appeal to the government to reconsider its policy. I have no objection to the authority being sought by the government under the resolution now before us, but I do think that some other method than that apparently contemplated in the resolution should be adopted. The resolution provides for the relief of distress and the support and maintenance of those requiring assistance. It does seem to me that to-day we need not only to provide for those in distress but we need to provide employment. That is the great need of to-day. Apparently with the exception of the carrying on of works already commenced and with the possible exception of the placing of some people back on the land, the government seems to have abandoned the idea of creating more work. That policy seems to me to be fatal from an economic standpoint because the one thing needed more than anything else in this country is a greater purchasing power. The people must be given more work so that the extra wages will provide an additional purchasing power. I wonder if I may venture to call the attention of the government to a very interesting article which appeared in the Atlantic Monthly of this month. The article is entitled "The World's Economic Outlook," and is by John Maynard Keynes. I should like to quote a few selected sentences. The first one reads:

> This is not a crisis of poverty but a crisis of abundance.

I think we must recognize that as being essentially true. The next reads:

> Unluckily the traditional and ingrained beliefs of those who hold responsible positions throughout the world grew out of experience which contained no parallel to the present.

I take it that that is what is fundamentally wrong with nearly all of those who have to deal with administration at the present time. I am not denouncing bitterly the present administration, I think they are largely in line with other administrations, but I do want to point out that the leading economists of the world are telling them that they are on the wrong line, that instead of adopting a policy of rigid economy they should expand industry in some way and thus give more purchasing power to the people. I quote again:

> The only way is for us to discover some—

Mr. Keynes emphasizes the "some."

> —object which is admitted even by the deadheads to be a legitimate excuse for largely increasing the expenditure of someone on something.

It seems to me that that is the policy which the government ought to adopt, that it should

devise some means to enable someone to spend money on something. If we could go through with the St. Lawrence waterway it would be a good thing because such an undertaking would release a considerable amount of money for construction work. However, there are other public works which could be undertaken at this time. I was very much struck with the suggestion of the hon. member for Macleod (Mr. Coote) when he urged the adoption of a housing scheme. Many skilled mechanics in our city are receiving relief and under the contemplated legislation they will continue to receive relief for months or years to come. These mechanics might as well be building houses for houses are very much needed in most of our communities. The building of houses would stimulate trade activity all along the line. Such an undertaking should be commenced not only in the interests of the workman and in the interests of the country, but because of purely economic reasons. It would start the wheels of industry going again. I again quote Mr. Keynes:

> The voices which—in such a conjuncture—tell us that the path of escape is to be found in strict economy and in refraining, wherever possible, from utilizing the world's potential production are the voices of fools and madmen.

That is strong language, but it is not mine, it is that of Mr. John Maynard Keynes. I contend that the voice of an economist of his standing ought to be listened to by those who are responsible for the administration of this country. I urge the adoption of a program of further public works or some other projects which will give employment to the workmen of this country.

I understand the difficulties of the present government. They have all along claimed that unemployment was primarily a municipal or provincial responsibility. Possibly that may be true in theory; I am not very much concerned with the constitutional aspect of the case. In practice, however, we all know that the western municipalities are to-day almost bankrupt. We know the western provinces are so near the line they have had to come to this government for help in connection with the floating of their bonds. That is a serious situation and we can hardly expect those provinces to initiate public works. They have not the funds. Under these conditions I urge that if we are to have additional public works; if we are to have any greatly increased expenditure, the Dominion government will have to undertake the task.

Such a policy is essential from the standpoint of the men themselves. I think of the plight of the unemployed, the large number of single men to whom I referred yesterday and the almost equally large number of married men with families depending upon them. The ordinary mechanic or unskilled man to-day cannot himself initiate things. It must be remembered that we live under a system which for years and years past has given the initiative to the group that we call the employers. They have been responsible for providing work. The men have looked to them; the country has looked to them to organize our industries, our commerce, our finance. They have in some way or another failed in the job. The result of the general depression means a failure to those at the helm properly to size up the whole situation and organize in harmony with the recent developments. These men have failed and now in the stress—the almost panic of the time—we are expecting the poor individual workman to initiate something for himself. This cannot be done. Moreover, during the last two or three years he has been just on the edge of things and has used up what little capital he had, so he has nothing with which to start. Many a man cannot even buy a railway ticket to travel fifty miles to some place where he might get work. He has not anything with which to provide for his family while he is away; he has nothing with which to buy fuel. A great majority of mechanics have been working in factories where the tools are the large machines. They have no tools of their own; they could not buy supplies; they could not provide themselves with raw material; they could not go out on a piece of land because the land is already appropriated. I should like to impress upon hon. members the dreadful conditions under which most of the unemployed find themselves to-day. If any sort of employment is to be provided, we must not expect the poor unemployed individual to provide it; we must look upon someone in an authoritative position to undertake that work, and under conditions as they prevail to-day this must be the Dominion government.

Further, may I point to the demoralization of the men that is taking place at the present time? I do not think those who are not closely in contact with the poor or with the unemployed quite realize the extent of that demoralization. It is all very well to say: "We have a fine people." I agree with that. "We come of a good stock." I agree with that. It is all very well to say: "These people took their share in times past whether in peace or war." I agree with that. But they are losing heart to-day; you can hardly expect them to keep up their courage when they are half-nourished and, worst of all, when they have lost any immediate objective,

any hope of getting out of their difficulties. I cannot go into a group of unemployed men without feeling sick at heart. Here are these men, without hope in the world, dragging out an existence through charity day after day, week after week and month after month. What prospect is there for them?

May I refer to one consideration that may not be considered very proper—to hundreds and thousands, and, in the aggregate, tens of thousands of these men being forced to live celibate lives. Any of us who are familiar with logging camps know something of the problem connected with that type of life, where great bodies of men are concerned. Those who have had anything to do with men who have been at the front know something of the problems arising out of that kind of life. Those were men living active lives, very often full of excitement, of interest. But take thousands of men who have nothing of the normal satisfactions and responsibilities of home life and can you imagine the effect of month after month and year after year of that type of existence? I do not think any hon. member who has any knowledge of the world or who has relatives who possibly are in a plight of this kind, can very well contemplate with equanimity the continuance of such a condition.

I wonder if I might mention an incident that occurred only to-day? I was in a little restaurant at noon and a man who had been an employee of this government came over to the table where I was sitting. He told me that he had been up against it for a long time, ever since he had lost his position with the government; that he had tramped the city; that he had done everything in his power to obtain work; that he had gone out as an agent and, as the depression went on, failed to make a sufficient commission to pay his expenses and that he had determined that the only thing for him to do was to leave Canada and seek, if possible, to enlist in the service of a foreign country. But he said: "The thing that worries me, that breaks my heart, is that I have four children whom I must leave behind. My wife is dead and I have four children depending upon me, I have a small pension that is about equal to keeping those children and two or three of them are in a school while one is with its grandmother." There were perhaps only two or three people in the restaurant, but it is a public place and yet the poor fellow broke down and cried at the thought of leaving his family and going to a foreign country. He would have to enlist for two or three years and leave them in Canada, but this was the only thing left for him to do. There is no one in this house but must be touched by a case of that kind. Every one of us would be willing to give a few dollars to help an individual, but such money would be of little real service in such a case. My acquaintance was not asking me for money. He was simply telling me of his struggle. His case is typical of that of thousands throughout the country.

In making this appeal I am not talking party politics, but I would urge that there rests upon the federal government, as representing the country a responsibility to see to it that a man of this kind is not forced to leave Canada or to live a life of crime or to abandon his children; rather, we should so arrange our affairs that in some way he can be found work. Nothing less is sufficient for us; that is our responsibility to-day. That is the reason I am making this last appeal, that the government adopt a broader, more constructive policy and not merely provide for handouts to the provinces and municipalities for actual cases of distress, but undertake to provide real employment so that these men may maintain their self-respect.

Mr. MOTHERWELL: Even at the risk of seeming to delay the resolution at this stage, I should like to draw to the attention of the minister one or two matters so that he may give me the information, although not necessarily to-day. I am not going to ask him for that, but I should like him to be prepared to give it at the next stage of the bill, preferably on the second reading.

Before raising those questions, may I remark that this is the second time a bill of this kind has died by the efflux of time. The original measure died on March 1, and remained dead for a solid month, the government apparently operating without any authority during that period.

Mr. GORDON: During that month the government spent no money whatever.

Mr. MOTHERWELL: True, the new bill that came into force about the first of April was made retroactive and of the same force and effect as if the old measure had never died. We can excuse that once, but why have the same thing repeated with the new bill? This is the fourth of May by the calendar. Does the minister as a lawyer think it is good legislative practice to be constantly having retroactive legislation invalidating other legislation, any more than we can absolutely help? It looks as if the government was quite satisfied with slithering along with tail-end legislation. That is what brings ridicule on this government. I have been in government

a long, long while, and I know that if I had done what my hon. friends opposite are doing I would never have heard the end of the ridicule that would have been poured on me not only in this house but in the provincial house. But my hon. friends opposite are inviting that very thing. Now we are dealing with a resolution preparatory to a new bill which may be called, and I say so without any irreverence at all, the second resurrection of this bill, the second coming of the unemployment and farm relief measure. Why leave us open to that kind of ridicule? My hon. friends act very strangely. If there is a wrong way under heaven of doing a thing they will cross the street in order to go about it the wrong way. They are quite irregular in their ways. But what is the use of complaining? There seems to be no capacity for improvement in them. I hope, however, that it may never occur again, and may I hope that if we require this legislation to be reenacted the third time, they will take time sufficiently by the forelock to introduce their new measure before the old one expires? I hope that we shall not require it again because some parts of the country that were up against it during the last two or three years have good prospects of a crop this year, and that may possibly help all along the line.

There are two or three questions which I wish to bring to the minister's attention, of which I would like him to make a mental note or a little memo if he likes. Some time in March the question was brought up as to the suggested bonus of one dollar per acre on the seeded acreage in Saskatchewan and other parts of the west where there was no crop It will be recalled that where there was a good crop a bonus was given by the government on the basis of five cents a bushel, and that was generosity itself compared with the way that those settlers fared who had no crop at all. I am not complaining at all of the bonus that was given to those who had a crop or that it was a bit too much; not at all. The total amount granted by way of the five cents a bushel bonus was around eight or ten million dollars. But why such a violent contrast between the treatment of those who had a crop and those who had no crop, in favour of the former? The Minister of Agriculture in a very nice and fairly well reasoned out speech some time in March pointed out that the government had been quite generous with the west in the matter of the five cents a bushel bonus, what is called the compensating adjustment bonus, and he argued that inasmuch as the government had been generous, the house and the country generally might very well trust the government to do the right thing with regard to the proposed dollar an acre on the seeded acreage in the south where there was no crop. So far as I know, that is the way it stands at the present. I was unavoidably absent yesterday, and possibly somebody else asked this question. If so, the minister does not need to answer it a second time. He can just refer me to the page of Hansard where I may find the answer. I submit, however, that the time has come when the minister, after consulting his colleagues, should give to the petitioners who presented that request a definite answer whether they may expect anything along that line or anything to correspond to it. That would only be fair.

The minister knows that this is the first time that I have spoken on this measure in committee. He knows that I have taken up a number of labour problems with him in personal interview and in writing, and I can testify that in each case he has dealt with them quite satisfactorily. Because of that I hope and expect that he will deal with these questions, if not satisfactorily, at all events to the extent of giving us the government's policy, preferably on the second reading of the bill. That is one question, the proposed bonus of one dollar an acre on the seeded acreage.

The other question is this. As the minister and the house know, Saskatchewan has been hit pretty hard in the matter of those needing relief and employment. We are sorry for ourselves and for the dominion as well because of that. Saskatchewan has always been looked upon as the outstanding wheat province of the dominion, for many, many years growing more wheat than all the rest of the dominion put together. I do not know whether that is something to be proud of or not, but it is a fact anyhow. Saskatchewan is handling her relief in cooperation with this government on a different basis from any other province. I am not criticizing that. Some have taken the ground that the whole business of relief should have been handed over to a commission. At all events, we have a commission handling relief in the province of Saskatchewan. I am not going to criticize that relief commission just now; I have in the past, but not to-day. Now I am in the humour to get information, which I hope the minister will give on the second reading of the bill after he has had an opportunity of discussing these questions with his colleagues.

I would like to know if the government hold themselves in any way responsible for the treatment that is being meted out to the Saskatchewan farmers through the medium

of the Saskatchewan relief commission. Sometimes the Prime Minister will say: "We hold ourselves responsible for the administration of these moneys that we are giving to the provinces." At least we understand him to say that. But then when we put questions to him at close range or make complaints he will say: "That is a matter for the province. They are handling this through a commission." The house will recall that when this matter was up before the hon. member for Weyburn drew the attention of the Prime Minister for the first time to the fact that for every little mite of assistance that was given to the farmers they had to sign a promissory note in advance. I call that a loan policy, but it was called a relief, and the Prime Minister did not know anything about that until the hon. member brought it to his attention. Later on it was my duty to call his attention to the way in which seed grain relief was being given to the farmers, with a seed grain lien being taken on the coming crop to be realized on, if thought advisable, by the middle of August this year or at any time thereafter. I drew attention to the nature of that seed grain lien. I never saw such an exacting one. It tied the farmer up so tightly, as if with a logging chain, that he could not blink an eyelash or wiggle a toe. That may be necessary, but when everybody else apparently is getting his contribution free with no provision for the return, for instance, of the five cents a bushel bonus, why is there this provision for the return of every rag that is put on the backs of these people by the relief commission, or a promise to pay at all events? Is that to continue? The government has announced that it cannot afford any longer, and the provinces cannot afford any longer, to go on with relief works to provide employment. I am not going to criticize that to-day either. That was the inevitable result of the government's policies in connection with other matters to which I shall not now refer. If these conditions lasted long enough the government was bound to reach the point that they have now reached, that of giving direct relief. That can be done with less money. Nevertheless, it is the dole. I have no right to speak for the other two western provinces, but there are parts of Manitoba and Alberta that are in the same position that a very large portion of Saskatchewan was in, and I would ask this question: Is it the policy of the government, through the Saskatchewan government, and in turn through the relief commission, again to have everybody between now and the coming of the next crop sign a promissory note before he is given any more assistance? If they want to put in winter rye and require seed rye, will more seed grain liens be registered against their property?

I think my questions have been fair, and I hope hon. members opposite will not suggest that they have been asked in an improper spirit. I do not think the minister takes that view. I have asked my questions earnestly and when we reach the second reading of the bill, I will expect a reply as full as the minister is capable of giving. If we are to have a dole for all of Canada, why should these prairie areas which have been so distressed be exempted from the dole, and promissory notes imposed upon them? I believe that is a fair question. However I do not wish it to be thought that we are ungrateful for what has been done, because that is not so. I do not know what would have happened to thousands of people had they not had assistance. They have had assistance many times in the past, too, I am sorry to admit.

Mr. GORDON: When were seed grain loans first started?

Mr. MOTHERWELL: Oh, it was before my time.

Mr. GORDON: Away back in 1876, I think.

Mr. MOTHERWELL: I believe that is right.

Mr. GORDON: And I think they are not paid yet.

Mr. MOTHERWELL: I know it was away back in the seventies before my time. We could go back to the Selkirk settlers who, I believe, received loans from the home government. The same thing happened in Ontario. Away back in the early days of the last century, shortly after the year 1800, they received all sorts of equipment from the home government and from friends in the old land to begin their settlements in the bush. I am very sorry the practice has had to be continued so long. The fact is, however, we are living in a country which forty or fifty years ago was not considered at all favourably, and there was a feeling that western Canada was nothing but a buffalo run. That country has been reclaimed through the efforts of hardy pioneers, and development has been accomplished only through great labour and risks taken by those early settlers. At intervals they have had to have assistance. When it comes to the disposition of the government's assistance, we do not want to be discriminated against, as we believe we have

been discriminated against. We do not wish that condition to continue.

The last time relief measures were under consideration the government sought to hide behind the excuse that we were delaying the bill, and consequently delaying seeding. I remember the hon. member for Regina (Mr. Turnbull) said, in a very pathetic manner, that we were gambling with the crop, and in fact, doing everything that was bad. On this occasion the seed has been provided, and there can be no further ballyhoo about interference or delay. The present measure has not been long before us, because discussion began only yesterday. This is the first time I have spoken on the measure, and although I did not see the clock when I began I think I have been talking only about twelve minutes, and have no intention of speaking longer at this time. I should like the minister to get some definite information as to seeded acreage bonus proposal and I should like to know if this government is going to hold itself responsible for the treatment meted out to Saskatchewan farmers by the relief commission of that province.

Mr. MOORE (Ontario): Mr. Chairman, I have listened with a great deal of interest to the hon. members for Winnipeg South Centre (Mr. Kennedy) and Winnipeg North Centre (Mr. Woodsworth). The last mentioned gentleman referred to the impossibility of boiling a half hour's speech into one of only a single paragraph. I would suggest that he give the benefit of the doubt to the chief commissioner of the Royal Canadian Mounted Police to whom he referred the other evening. That gentleman happens to come from my constituency, and we know him as a very able and successful man. I doubt very much that he was accurately reported.

I do not intend to take much time of the committee, but I accept the invitation of the hon. member for Winnipeg South Centre to make a cooperative contribution. Hon. members have heard a great deal about unemployment and the distress arising from it. I assume the government, and no one more than the Minister of Labour, is fully informed concerning unemployment and distress. Further, I assume he is anxious to have the condition remedied. I have a suggestion to make, and I hope it is constructive. The hon. member for Winnipeg North Centre referred to the necessity for public works. Public works, however, mean taxation, and sometimes very heavy maintenance charges. A year or so ago I had the honour to send a memorandum to the predecessor of the Minister of Labour in which I drew attention to the desirability of having the wires of the telegraph, power and telephone companies placed underground. Throughout our towns, and particularly in those towns on the main highways, poles and wires create disfigurement, and are dangerous. I assume further that they involve heavy maintenance expenses. The city of Oshawa is in my riding, and suffers from a particularly grave condition of unemployment; I regret to say there is very serious distress. I cite the condition in Oshawa, however, simply as an example because there are many other towns in the same position. I suggest to the minister that serious consideration be given to the suggestion of loaning to public corporations, such as power, telegraph or telephone companies sufficient sums of money at a low rate of interest to enable them to place their wires underground, and that this work be conducted in a way to give the maximum amount of employment.

Mr. REID: Mr. Chairman, I should like to say a few words to the committee and the minister regarding the position of many municipalities of the province of British Columbia, and before taking my seat I shall direct two questions to the minister which I hope he will be in a position to answer.

A serious condition of unemployment has obtained since the year 1930, and municipalities have, I believe, been carrying loads even heavier than those borne by provincial or federal governments. Since 1930 they have been carrying this load of unemployment and expenditures for the unemployed. Municipalities are closer to the people; the unemployed can reach the reeves, the mayors, or the councillors; they can also form in bodies and walk to the municipal authorities. On the other hand federal or provincial governments cannot be reached so readily by those in distressed circumstances. In spite of the fact that information was given to the house yesterday that unemployment was decreasing, I state that in some of the districts of British Columbia it is increasing. In one municipality of that province over fifty per cent of the workers are unemployed, and have registered that they are destitute and have no means with which to keep themselves. That one particular municipality, namely, Burnaby, has about 25,000 or 26,000 inhabitants.

Mr. GORDON: When did that condition first exist?

Mr. REID: That condition started probably in December, 1930, but it was not so pronounced then as it is to-day. Up to January of this year they had 3,500 registered unemployed, which has since increased to 4,000.

Mr. GORDON: If I caught the hon. member correctly, he said the unemployed were destitute.

Mr. REID: No. They registered as being destitute, having no funds and no work. The municipalities in the first instance have had to bear the financial burden, they have had to go to the bank and borrow money for relief purposes, at from 6 to 6½ per cent; then they had to wait until the provincial and dominion governments reimbursed them. That was an extra load they were asked to carry. Last year the tax collections in the municipalities decreased very considerably, due in great measure to unemployment, and many properties have been and will be sold by the municipalities to pay for arrears of taxes. I am speaking particularly of British Columbia. Many people who a year ago were not asking for relief are to-day in this position. They have used their resources and are looking for work or assistance. The strain of the last few years has brought many municipalities to the verge of bankruptcy. They would not be in this distressful condition had it not been for the undue burden placed upon them by the unemployed seeking relief. But the serious point to which I wish to direct the attention of the minister is that in British Columbia the banks have now assumed a dictatorial attitude towards the municipalities notifying them that they must balance their budgets or not one cent will be advanced by the banks for relief purposes. One municipality whose ordinary program of unemployment relief work was $40,000 has been told by the bank to cut it down to $22,000. I think the government would be well-advised to note this attitude of the banks, because it is only going to increase the burden of the municipalities.

Mr. GARLAND (Bow River): Was not this government told by the banks to balance its budget?

Mr. REID: I think the banks have taken even a stronger attitude with the municipalities than they have with this government. I do not think that even this government has balanced its budget if you take into account what is intended to be spent to relieve the destitute.

At a meeting recently of the executive of the Union of British Columbia Municipalities they passed a resolution dealing with the unemployment question. I will not quote the whole resolution, but I think these paragraphs should be brought to the attention of the minister:

> Federal intervention to check dictatorial methods of banks toward British Columbia municipalities was urged at a meeting of the executive of the Union of British Columbia municipalities in the city hall here to-day. . . . The executive went on record as opposed to the federal government's direct relief policy, but in event of its adoption urged that it be financed on a fifty-fifty basis by the federal and provincial governments. Municipalities, it was said, have no taxation powers to provide for unemployment relief this year.
>
> Banks instead of shouldering their portion of the national burden of unemployment are actually making more money to-day than ever before by soaking governments and municipalities higher rates of interest. . . . If it was not for unemployment and social service costs, all municipalities would be able to balance their budgets this year.

I might point out that the municipalities in British Columbia are carrying the highest bonded indebtedness per capita of any municipalities in the dominion. I do not say whether that is good or not, but the per capita is something like $252.

Mr. GORDON: What is the reason for that?

Mr. REID: In a young province like British Columbia roads had to be built and various improvements made for the settlers; all this has necessitated heavy expenditures, and of course there has been also a heavy outlay for improved motor highways and for educational purposes.

Mr. GORDON: British Columbia is an older province than Saskatchewan or Alberta, by many years.

Mr. REID: I am not going into the merits or demerits of the bonded indebtedness. I am merely stating that the per capita bonded indebtedness of the British Columbia municipalities is the highest in the dominion. For instance, in New Brunswick it is only $50.38, as against $251.98 in British Columbia. It is now being urged that the dominion and provincial governments assume 100 per cent of direct relief. Many municipalities are unable to take care of the unemployed who are already registered.

Mr. GORDON: Are we not doing that now?

Mr. REID: My information is "no." If you are doing it I shall receive the information with great pleasure.

Mr. GORDON: Well, if we have been doing it, it won't help you much apparently.

Mr. REID: I should like to know that you have, because my information is to the contrary. Some of the municipalities have been clamouring for cheques for direct relief.

Mr. GORDON: I have reference to the provincial direct relief.

Mr. REID: Not municipal. It was understood last year that transients who came into municipalities would be taken care of by the provincial and dominion governments. That burden has not been assumed by the provincial governments. The municipalities had, first of all, to pay out all the relief, and then they were told by the provincial government they would receive only one third. The municipalities to-day are asking if the policy in the future with respect to direct relief should not be that the provincial and dominion governments assume 100 per cent of it. I do not think under present circumstances that that is too much to ask.

I desire to ask the minister these questions: First: Are the municipalities who wish to carry on public works, and who are in a position to submit a program, to be encouraged in the same way as last year by the provincial and dominion governments assuming a share of the cost? Second: What financial assistance will be given to municipalities who find themselves unable to meet any share of the cost of direct relief? It was said last year that the dominion government has no direct contract with the municipalities, that they must appeal to the provincial government first, which in turn appeals to the dominion, but I think it important that that should be known. I think a definite statement should also be made in regard to the land policy particularly as to British Columbia, because I notice in the Daily Province of April 29, this statement with regard to placing men on the land:

> British Columbia to Place Men on Land Government had urged Ottawa to include settlement in relief plans.
>
> Aid for farmers.
>
> Greatly encouraged by the federal government's plan to put unemployed Canadians on the land, the provincial government hoped to-day to be able to go ahead with some of the land settlement schemes which it has been developing for some months.
>
> Announcement in parliament that the federal government would include land settlement under its new unemployed legislation followed strong pressure from British Columbia in favour of this important new departure. Hon. R. W. Bruhn, minister of public works, took the matter up personally with Premier Bennett in Ottawa recently, explaining that British Columbia feels that many unemployed could be far better placed on the land than on roads or idle in relief.

I think it is desirable that a definite statement should be made that the federal government are boosting this along. I have already received letters asking what assistance will be given the farmers. Is the minister in a position to give an answer.

[Mr. Gordon.]

Mr. GORDON: It must be obvious to the hon. member that assistance of the kind outlined must, of necessity, be the subject matter of an agreement between ourselves and the province, and until this legislation passes I do not propose to try to prophesy what the terms and conditions of such an agreement will be. I cannot say anything further. It seems to me to be obvious. With respect to the works which the municipalities in British Columbia may wish to carry on as in the past, I have this observation to make. If the municipalities in British Columbia have so conducted their business, as has been suggested by the hon. member, that they find themselves now the most highly taxed people, per capita, in Canada, then I should say that they ought to be very careful about embarking on any scheme of works that will add to the burden of their municipal taxation. Any scheme which the municipalities may have in contemplation, for which they seek help from the province and the dominion, must of necessity, again, be a term of any agreement that may be entered into. These are matters absolutely dependent upon the necessities of the provinces as reflected through their own governments and conveyed to this government for review. That must be obvious.

Mr. BUTCHER: I wish to ask one or two questions. I do not know whether the first one is in order or not, but I shall ask it. Will the relief commission be continued in Saskatchewan? If the minister is in a position to answer that question, I shall be glad.

Mr. GORDON: Just here I would offer this tribute to the relief commission in Saskatchewan. I have heard only great commendation for the work these men have been doing. I stand to be corrected, but I am told that they are public-spirited men representing all shades of political opinion, who have given their time without charge in the interests of their province.

Mr. CAMPBELL: The three sides of politics.

Mr. GORDON: I hope there are three sides. That commission is a creature of the provincial government; it was set up by the province. From what I have heard of its work, I trust that the commission will continue its efforts; and, I believe, acting as they have been acting, purely with a desire to serve their province and, by serving their province, serving their country, and having the experience of the past year behind them, if the members of that commission continue

in the work, should their services be found necessary, they will be able to function even better in the future by reason of the lessons they will have learned from the mistakes of the past—because no one's activity, no matter what direction it takes, is quite free from error at times. Personally, I can say no more about the Saskatchewan relief commission, except that it was set up by the provincial government.

Mr. BUTCHER: With reference to Mr. Percy Gordon, who has been referred to two or three times during this session, can the minister tell me the nature of the office that Mr. Gordon holds and the remuneration he receives? I have a motive.

Mr. GORDON: I am advised, and I believe it is correct, that Mr. Gordon of Regina is giving his services without charge. I am so advised and, I believe, correctly. I will inquire to see whether he is being paid at all, and if he is I shall be glad to give the information to my hon. friend, although I do not believe he is getting any pay whatever.

Mr. BUTCHER: In what capacity does he serve?

Mr. GORDON: I am instructed that he is chairman of the commission.

Mr. MOTHERWELL: Oh no.

Mr. GORDON: Then the hon. gentleman knows better than I.

Mr. MOTHERWELL: Mr. Black is chairman.

Mr. GORDON: I do not know the setup of the commission; I do not know even the members or their names.

Mr. BUTCHER: I want to refer to this gentleman because he has already been referred to on two or three occasions during this session. He was first referred to by the hon. member for Melville (Mr. Motherwell), and with the remarks of that hon. member I certainly see no particular reason to find fault, because I am not in a position to say whether they were correct or not. Further reference was made to Mr. Gordon by the hon. member for Moose Jaw (Mr. Beynon) and also by the hon. member for Regina (Mr. Turnbull). I want to make some reference to him myself from a different standpoint.

Mr. Gordon has been a personal friend of mine for the last eighteen years. I know him, perhaps, a little more intimately than, I might say, any other member in this house does, and I feel I owe it to him to say what I am going to say with regard to him at this time. I may say, in case there should be some misunderstanding, that there is no rift between the hon. member for Melville and myself in connection with this matter. What I say, I say with his approval. I am going to say it because I feel it is due Mr. Gordon. The hon. member for Moose Jaw, when referring to this gentleman, asked, "Who is this Percy Gordon"? I propose to ask the same question and to answer it from my own standpoint. He is a brilliant lawyer of the city of Regina, a most estimable man from every standpoint, a man of irreproachable character and of the utmost integrity. He is a king's counsel and was appointed king's counsel by the former Liberal administration in Saskatchewan. Certainly he is a Conservative; I am a Liberal. I did not know he was a Conservative until he had been my personal friend for eight or ten years, and he about the same time discovered that I was a strong Liberal. It made no difference to our personal friendship, and I rise to-day to pay my tribute to Mr. Gordon's character and to his reputation, and to say that I believe he is a man absolutely above reproach. I do this because I feel that friendship is worth but little if one cannot stand up and uphold the good name of a friend in his absence as one would in his presence. But I want it to be clearly understood in this house to-day that there is no rift between the hon. member for Melville and myself, because he heartily approves of this statement I make to-day as a personal statement, made because of my knowledge of Mr. Percy Gordon.

Having said so much, I want to say a few words with regard to the resolution. When speaking to the resolution that led to the revival of chapter 58 in March, I said I had three or four suggestions which I should like to make inasmuch as I thought they were constructive suggestions with regard to work that might be given the unemployed. For what they are worth, I make those suggestions now; I could not make them then because time did not permit. I want to support the suggestion made by two or three hon. members that assistance might be given the farmers not only of the west but of the east, farmers who have no means to employ necessary help. Assistance might be given by providing them with men who are out of work, paying the unemployed a small wage for their services. I also support the suggestion made by both sides of the committee that homes should be built for those at present living in wretched hovels. This would be a good service to perform and would provide work for the

unemployed. The unemployed could be used in forestration and reforestration work. The men could be employed in useful occupations and good would accrue to the country not only for the time being but also in the future. This is all I propose to say at this time but I hope to make further remarks when the bill itself is under discussion.

Mr. CAMPBELL: Mr. Chairman, I cannot say that I am enthusiastic over the suggested policy of settling unemployed men on the land, but I agree with what was said by the hon. member for Winnipeg South Centre (Mr. Kennedy) with respect to the carrying out of any such policy. He suggested that privately owned lands or lands other than crown lands be secured rather than putting these men on bush lands, which is the only type of crown lands left in the prairie provinces. I cannot think of anything more disastrous or foolish than to take a lot of unemployed men from the cities and place them in remote districts where there are no roads or school house. A policy of that kind is foredoomed to failure. If anything is to be done in this regard, I say that these men should be placed in settled districts where some land has already been cleared and where there is a possible chance of their making good. It would be much better to place these men on rented lands and give them a little assistance rather than to send them out into the remote bush districts where they would have nothing to work with and where there is practically no land under cultivation. I realize that the placing of men on the land would be the responsibility of the provinces, but if the federal government proposes to back such a scheme with its money, I suggest that the minister should scrutinize very carefully the actions of the provincial governments to see that the money is put to proper use and that the men are placed where they will have some hope of making good.

In my constituency, and I assume the same applies to other constituencies throughout the prairie provinces, there are a large number of immigrants, mostly from Poland, who, for the most part, came to this country during 1927 and 1928. Many of these people are to-day in destitute circumstances. The local municipalities are utterly unable to look after them and they have no means of securing employment. They came in without any money and have no land, and as they were brought in entirely under the responsibility of the federal government, I think it should assume full responsibility for looking after them. The federal government has assumed 100 per cent of the responsibility for relief in the drought stricken areas of Saskatchewan, but it takes only a small measure of responsibility for other relief. It seems to me that the federal government should assume full responsibility in looking after these people. The government of Saskatchewan at the present time is unable to do more than it is doing, and I know the local municipal bodies, bankrupt as they are, are not able to do anything. The information I have is that many of these people in my constituency are to-day utterly unable to look after themselves. For the most part they are good workers, but there is no work which they can secure. I wish the minister would look into this particular phase of the matter and endeavour to see that a larger measure of relief is provided by the federal government.

While I am on my feet I desire to draw the minister's attention to a question which I asked some time ago. I asked the minister if there was any possibility of the marketing phase of this resolution being used to continue the bonus on wheat put into force last year. Perhaps the minister can give me a reply to that question.

Mr. GORDON: I regret that I am not in a position to answer the hon. member.

Mr. CASGRAIN: Mr. Chairman, I think I can agree with many of the suggestions made by the hon. member for Last Mountain (Mr. Butcher), but I feel it is my duty to draw to the attention of the minister and the government certain matters which I called to the attention of the government last year. Under the provisions of the Unemployment and Farm Relief Act passed last year I received a communication from the former Minister of Labour (Senator Robertson) asking me to supply a list of public works and other undertakings which might be started in my county to help relieve the unemployed. I sent this list to the minister; I have it before me but I will not take up the time of the committee by reading it as it can be found in the orders of the day of 1931, part 2, at pages 13, 14, 15 and 16 of June 16, numbers 1 to 32 inclusive. This list covered works which had been requested by my constituents but which were not carried on by the late administration because of the necessity of carrying on other more urgent works. There is no doubt that if these works had been gone on with they would have helped greatly to relieve the unemployment situation on the north shore of the St. Lawrence where there are large settlements of fishermen who are destitute because of the poor fishing conditions which have obtained for the last three or four years. I had occasion during a previous debate to draw the

attention of the house to this matter and I repeat that there are many works which are absolutely necessary from the Saguenay river up to Chateau Richer. The report tabled some time ago of the works carried on under the unemployment legislation shows that only two public undertakings, both small and of minor importance, have been carried out in my county. The one was at Harrington Harbour, where a sum of not quite $1,000 was spent for the Grenville mission, and the other was at Beaupre, where a few thousand dollars were spent. Other works have been carried out by the provincial government and the different municipalities, but they were not of such importance as some of those to which I am calling attention.

The minister has asked for suggestions from hon. members; he has asked for cooperation, but I do not think he could show a better spirit of cooperation than by carrying out some of these works which would provide relief for the unemployed. This would be much better than direct relief, because that is just going back to the dole. The government apparently is abandoning the policy adopted by the legislation passed at the special session of 1930 and the session of 1931. The proper way to relieve unemployment is to help the people to earn their own living, and not to give a dole. In the resolution that has been introduced there is no definite policy, nothing of a concrete or constructive nature from which we can find out what is really going to be done. This afternoon, when I asked the Minister of Labour as to the attitude of the government towards the farmers of Quebec and when the hon. member for Quebec East supported my request, the information we received was very vague and not of a nature to encourage the farmers of my province.

The resolution reads:

To assist in defraying the cost of the sale and distribution of products of field, farm, sea, river and mine.

Would the minister, before the resolution passes, give to the house some information as to how he proposes to help to defray the cost of the sale and distribution of products of the field, farm, sea, river and mine? Is there going to be in the legislation that will be introduced some provision whereby the government will help the pulp and paper companies, in the part of the country which I have the honour to represent in the house, to give more work to the people who are in need of it in those districts which were settled by these pulp and paper companies? Those little thriving towns were very busy during the last few years, but owing to surplus production and unemployment they are suffering. Will the minister tell us how he is going to help these pulp and paper companies to dispose of the surplus which they have on hand of pulpwood and paper and how he will help the fishermen on the north shore of the St. Lawrence, who may have a better catch this year, to dispose of their fish at a more remunerative price?

During this debate the trans-Canada highway has been discussed, and in my county at the last federal election in 1930 this question was brought up. I have not yet been furnished with sufficient information to discover where this highway will start and where it will end. During the last election it was said by my opponent that the trans-Canada highway would go from coast to coast; that developments were to be made in Ontario and other provinces. I saw from the remarks made by the hon. member for Témiscouata (Mr. Pouliot) yesterday that the greatest amount was being spent in Ontario for the construction of that highway. But if it is going to go from coast to coast; if such promises have been made as were made in my county by my opponent in the last election, it should start at Blanc Sablon, at the eastern end of my constituency and link up with the highway at Bersimis and St. Simeon at the further end of the county. This promise was clearly made by my opponent who was asking for the support of the electorate, following the promise made by the then leader of the opposition now the leader of the government, that this highway would be built. I contend that this is one more of the broken promises of the present administration. When they were seeking the votes of the electorate in 1930, they were ready to make any kind of promise, but to-day, when they are in office, the promises are not so easily fulfilled and they do not know what to do or where to go to carry them out.

Before I sit down, I want to protest, as many members on this side of the house have done, regarding this legislation, because it is an admission on the part of the government that they have no direct policy to offer. They want once more to have the advantage of a blank cheque with which they may do as they please, and to give direct relief through corporations or associations or public bodies as they see fit. I submit this is not the proper way in which to administer the law in this regard.

Mr. POULIOT: I entirely concur in what my good friend the hon. member for Charlevoix-Saguenay (Mr. Casgrain) has just said. May I take this opportunity to say a word

about the back to the land scheme. Theoretically it is perfect; there is no one who is not pleased to hear that men who were formerly farmers are coming back to the land, or that farmers' sons are leaving the cities to return to the rural districts. Theoretically this is splendid, but practically it does not always work. In fact, when miners or people who have a particular trade are out of work, even if they have been brought up on a farm, if they have left it for several years, they are quite at a loss when they return; they must be well taken care of and given special grants and help in order that they may be successful in their new manner of living. There are some people who believe that people can be taken from the cities and placed in the wilderness in order to form new parishes. This is a mistake, because farmers should be grouped; when they are close together, they are strong, they have their real family life. Where there are farms for sale, they should be bought by some government, either federal or provincial, in order that we may do for the unemployed something like what was done for the soldiers after the war. We must not forget that unemployment must be fought in the same way as the enemy had to be fought during the war and the fight must be well organized in order that success may result. If some government, federal or provincial, takes credit for bringing people back to the farm, that is all right, but what is more important is to keep people on the farm. We must see to it that the farmers do not leave the land in times of distress when farm products are being sold so cheaply. Very few farmers so far have become discouraged, but if conditions do not improve; if they do not get enough money out of the dairy business or the sale of cattle or their various farm products, they will become discouraged and will say: What is the use of staying on the land? People praise our virtues, our good qualities, but we are working like slaves and deriving no benefit. We have no money to bring up our children, to send them to school; we cannot enjoy any of the pleasures of life; we have to work from early in the morning until late at night, and if we consider the low prices that are paid for our products, we are not receiving reasonable wages for our work. That is the main problem.

We cannot expect unemployment to be solved by the Minister of Labour alone even if he gives all his time to his functions. The question will have to be settled by the co-operation of the best brains in the cabinet. The Minister of Labour will have to discuss the matter with his colleague, the Minister of National Revenue, in order that tariffs may be adjusted to meet the needs of the farmers. I am not speaking of the sittings of the council where all the ministers meet. The Minister of Agriculture will also have a word to say on the subject. Indeed, they cannot solve the problem by themselves; they will have to get the assistance of the best brains of the heads of their departments in order that some scheme to improve conditions in this country may be evolved. The situation is most serious. At the present employment is being sought by those who are out of a job. Amongst those out of a job are many who formerly lived in the country; for instance, the farm hands who have no home of their own but worked for some farmer who had not enough sense to look after the maintenance of the old homestead. During the prosperous years a farmer who had a very large acreage would hire hands from different places to help him in his work, and particularly was that the case in the west until machinery replaced man power to a very large extent. Many men would go from Quebec and Ontario to Manitoba, Saskatchewan and Alberta to help the farmers at harvest time, but to-day there are very few farmers in the west who are employing help from the older provinces because they use machinery, believing that it is quicker and more economical. The result is that these farm hands are unemployed.

There is another class, as my hon. friend from Charlevoix-Saguenay so wisely mentioned, the lumber jacks with their large families in the province of Quebec, and the situation must be the same in Ontario, particularly in the northern part of the province which had the honours of the evening yesterday. There are many lumberjacks who used to earn substantial wages by working in the shanties in the winter, and afterwards they would drive down the logs and cut wood. Coming down on the river drive there was great festivity, but they earned enough money to pay for the festivity and had enough left to live on for the rest of the year. But now the lumberjacks are getting only one dollar a cord for cutting wood, and they cannot live very long on that. Furthermore, the cut of timber has been very much reduced on account of the very low price paid for it, and these lumberjacks are not now earning enough money to buy good clothes. Their plight is very bad. They must be considered with the farm hands as amongst the unemployed.

In every rural community also there are artisans, carpenters, masons and so forth, who

in ordinary times get work in the building trades. But at the present time, with stock market prices going down every day, as we see by the papers, and I am surprised that they are not at zero already because for a couple of years stock market prices have been going down, people are very cautious about spending money for building houses or barns, preferring to wait until better times come. In fact, Mr. Chairman, people in the country who had saved money for the purpose of enlarging their house or building a barn or making improvements of one kind or another, or building a house for the son who had just got married, say: We will spend that money for building when the crisis is over. In the meantime these carpenters, masons and other artisans are without a job. They are amongst the unemployed, and the trouble is that people in the country who have no work to do flock into the large cities in order to find work. They say: We will go to Montreal or Toronto or Winnipeg or Vancouver, where there is more work being done. In addition, the style in construction has changed. Lumber used to be used very much in the construction of buildings. But now buildings are largely made of cement and steel, or brick and stone, and we do not see wooden buildings being put up in the cities nowadays. They are constructed in the rural districts, and as I said, the people in the rural districts are very much afraid of starting to build at the present time. The consequence is that many men formerly employed in the building trades are now out of work in the large cities.

The Prime Minister mentioned one day that he trusted very much to private charity to help the unemployed. Private charity is a wonderful thing. Sometimes people with very small means are very, very generous in proportion to their means. They do like St. Martin, cut their coat in two in order to clothe a poor man with one-half of it. The unemployed who pass through the small towns and villages in the country are always sure of getting food and shelter at the hands of private charity. That is admirable, and these people, in addition to supporting their compatriots, have to support other people who have been brought into this country from central Europe by the two big railway systems, the Canadian Pacific and the Canadian National, and every member of the house will testify that that is being done in every constituency of this country from Halifax to Vancouver. But, Mr. Chairman, if we want private charity to continue to help the unemployed, the farmers must make a little more money, and that is why I ask the Minister of Labour, with his colleagues the Minister of Agriculture, the Minister of Finance, and the Minister of National Revenue, to see that the tariff is adjusted in order that the farmers may obtain better prices for their products.

To sum up, Mr. Chairman, I come back to where I started. May I say where I stand in regard to the back to the farm scheme. Theoretically I am in favour of it, but first of all the governments, federal and provincial, should stand together to protect the farmers, to encourage them and induce them to stay where they are now. Then in the case of those who are brought back to the land, see to it that they are not isolated but are put amongst a community, which is essential to the welfare of these settlers themselves and of the country at large.

I am not going to repeat what I suggested the other day when I asked the minister to be kind enough to have an inventory or classification made of the employed in this country, with the story of each one. I would ask him if he will do that. I believe that is a fair question, and I am sure that the minister will give me a fair answer.

Mr. LUCHKOVICH: I thought I had a few very valuable remarks to offer to the committee but in view of the fact that the front benchers have taken up most of the time I am not going to deliver the speech I originally intended. Instead I will devote a few minutes to some of the remarks that have been made by the hon. member for Winnipeg South Centre and the hon. member for Mackenzie.

It appears that the hon. member for Winnipeg South Centre (Mr. Kennedy) said something in reference to those immigrants who unfortunately were not born in the country whence most of the residents of Canada have sprung. I hate quoting, Mr. Chairman, but I have before me an article which is very relative to the matter brought up by the two hon. gentlemen. It reads as follows:

Foreign-Born Fraternity

Tragic figures in the streets of Ottawa, as in other Canadian cities, are the destitute men of foreign birth. They seem to get the least consideration in periods of unemployment. Man's inhumanity to man is to be seen particularly in the stirring up of racial animosities against the foreign-born when the fear of starvation is abroad in the land.

It would hardly be surprising to find communism spreading through this destitute army of unemployed, but actually the labourers from foreign lands are no more class-conscious than are the native sons. They have an extraordinary capacity to suffer in silence. They do so suffer privation with dumb patience.

Against the communist drift, there is an organization in the United States to promote a better fraternal spirit among the foreign-born. One aim is to eliminate the barriers of prejudice, first of all between settlers from the different European nations, so that along with this fraternal advance there may come consciousness of being American.

In the younger generations the barriers of race and creed are less pronounced. Language distinctions are modified. Some traditional prejudices may remain. There are home influences worth preserving; but the greatest gain would be to improve social conditions in Canada so that the homes of the workers can be maintained on a fair standard of comfort irrespective of where the breadwinner may have been born.

I assure the minister that although I have some few further remarks I shall not speak beyond five minutes to six o'clock. I should like to say a few words concerning foreigners. Most hon. members were born in the old country or have been descended from parents who came from the British Isles. Therefore it is possible that most of us cannot view this matter from the standpoint in which it is regarded by the foreigner.

People in this country look upon foreigners in two different ways; one view is rational and the other mystical. The rational view is that in which the Christmas spirit obtains, the spirit of that time of the year when we are disposed to forgive and give presents to our worst enemies; briefly, the reasonable, charitable spirit. The mystical view is the one we take towards foreigners in times like these. It smacks of discrimination and prejudice. I think that view is based more or less upon the so-called vulgarity, the crudity or oddity of the foreigner in question. Recently I received a communication from Edmonton in which was the statement that there was a movement afoot to deport a number of unemployed from Canada to the land from whence they came for no reason other than that they have become a charge upon the country, and are starving to death.

One of the hon. members for Winnipeg mentioned something about communism. In view of the circumstances under which most of these people live I wonder why we have not more communists. I believe the editorial in the Ottawa Citizen of May 3 places the facts very clearly. Because those people came here on the invitation of the government and as bona fide future citizens they should be given careful consideration, and we should keep them in mind when we are considering the resolution now before the house. In my view the only way to handle the foreign situation in Canada is by extending a helping hand to foreigners, by meeting them half way and giving them a square deal. There is no doubt in my mind that if we do that they will make as good citizens as we could wish.

The suggestion is made that a large proportion of foreigners are communists. I venture the prophecy that if one hundred Anglo Saxons—English, Scotch or Irish—were placed in any one of the old countries and had to live in the conditions obtaining in those countries there would before a great length of time be a revolution led by a group of communists composed of the aforementioned Scotch, English and Irish.

Mr. QUINN: Especially if the Irish were there.

Mr. LUCHKOVICH: I think we should take a charitable stand, so far as the foreign element of our population is concerned. I hope the government will re-consider the matter of deportations, and that as a result none of these men will be deported simply because they are hungry, through no fault of their own. They have descended from a virile type. They have come from countries about which Goldsmith has written:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay:
> Princes and lords may flourish, or may fade;
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroyed, can never be supplied.

These people are of peasant stock and make the best farmers and citizens. We in this country do not take the proper attitude towards them; our text books are not written about the lives of people in Canada. I think we should adopt the suggestion set out in Upton Sinclair's book called "The Jungle" of writing our literature around the lives of our own people. If that were done we would do much toward dissipating the present prejudice existing towards the foreigner.

I have still a few remarks to make concerning the back to the land policy. I do not believe that policy can be successful until we put men at the head of the farms who have had wide experience. So far as the foreign races are concerned, given the least help there is no doubt they will be able to stand on their own feet. They spring from a virile, frugal and hard working class of people. The only way to make a success of the back to the land movement is to divide some of our western country into huge government farms, and to put experienced farmers at the head of them. To place on government farms men who have never had farming experience would be folly and suicide. If

there is to be a back to the land policy let it be one such as I have suggested, namely with large farms controlled by the most experienced men in the country.

Resolution reported, read the second time and concurred in. Mr. Gordon thereupon moved for leave to introduce Bill No. 72, respecting relief measures.

Motion agreed to and bill read the first time.

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

Friday, May 6, 1932.

The house met at three o'clock.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I beg to lay on the table order in council P.C. 1056, passed pursuant to the provisions of the Unemployment and Farm Relief Continuance Act, 1932, and relating to the payment of money.

CANADA SHIPPING ACT

Hon. ALFRED DURANLEAU (Minister of Marine) moved for leave to introduce Bill No. 74, to amend the Canada Shipping Act.

Some hon. MEMBERS: Explain.

Mr. DURANLEAU: Mr. Speaker, the object of this proposed legislation is to bring the Canadian law with regard to coastal shipping on the great lakes on a par with the American law. Under the American law it is illegal to carry grain in a British ship, say, from Chicago to Port Colborne, unload it and carry it to another American port in a British ship. Under the Canadian law as it now stands such a procedure is possible in connection with Canadian grain. It actually happens that a very considerable amount of Canadian grain is carried in American ships, from Fort William and Port Arthur to Buffalo unloaded there into other American ships of canal size and shipped to Montreal, Sorel and Quebec for export.

The proposed bill will also contain a provision that in the case of a British shipping corporation, seventy-five per cent of the stock must be owned by British subjects in order to entitle such a corporation to engage in the coastal trade. Some fear has been expressed that this legislation will increase the rates from the great lakes to Montreal, but I desire to say that the shipping companies have given assurance that no increase will be made. I can assure the house that this government will apply section 938 of the Canada Shipping Act, which gives the power to suspend the coasting laws, should the rates be raised unduly.

Mr. GARDINER: What does the minister mean by raised unduly?

Mr. DURANLEAU: If, because of this legislation, the rates are made too high, we will remedy them.

Mr. BROWN: Is any assurance being given to the farmers that they will receive the benefit of the competition which might be properly expected?

Mr. DURANLEAU: At the present time there are 575,000 tons of Canadian shipping, and we believe that will provide sufficient competition to protect all shippers.

Mr. BROWN: Will the assurance be any better than that given by the manufacturers that prices would not be raised?

Mr. DURANLEAU: The government intends to protect the shippers should there be any undue elevation of rates.

Motion agreed to and bill read the first time.

PREVENTIVE SERVICE

AMENDMENT OF REGULATIONS GOVERNING COASTAL SHIPPING TRADE ON GREAT LAKES

On the orders of the day:

Mr. MAURICE BRASSET (Gaspe): Mr. Speaker, I have been informed that the sailors, firemen and other men employed on the ships of the Department of National Revenue located at Gaspe are not to be reemployed this summer. I should like to inquire of the Minister of National Revenue (Mr. Ryckman) as to what provision is being made to take care of these men. After a workless winter, many of these men now find themselves at the point of starvation, and I should like to know if it is the intention of the department to provide them with work.

Hon. E. B. RYCKMAN (Minister of National Revenue): Mr. Speaker, I am not acquainted with the particulars of the subject to which the hon. member refers, but if he has reference to the boats of the preventive service I must tell him that this matter is now under the jurisdiction of the Department of Justice and the Royal Canadian Mounted Police. However, I can say that the greatest consideration is being given to the matter of taking care of those who have been in the service, and I have no doubt that it is

the intention of the police to employ those men who can be employed. However, there may be cases where no work can be given and it may happen that many men who have given good service to the crown will have to pass out of the service.

Mr. BRASSET: Will any provision be made for those who are not working?

Mr. RYCKMAN: I am sure that every consideration will be given to each particular case.

DEPORTATION CASES

ARRESTS AND PROCEEDINGS UNDER PROVISIONS OF IMMIGRATION ACT

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I should like to ask the Minister of Immigration (Mr. Gordon) when he will make a statement with regard to the arrest and threatened deportation of Daniel Holmes, Konrad Cessinger and Orton Wade of Winnipeg? There seems to be something curious about this case; a good deal is being made of it by the Winnipeg papers. I should like to know under whose authority these men were arrested and on what charge and where they are to be tried.

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): Mr. Speaker, I assume that the persons to whom reference has been made are persons being investigated under the provisions of the Immigration Act. Under this act a duty devolves upon the minister and the officers of the department to see that people in Canada who have no right to be here are investigated by a board of inquiry and their right to be in Canada reviewed. If it is found that they are undesirable and have no right to be here, or if for other reasons contemplated by the statute it seems that they should be returned to their country of origin, the appropriate steps are taken. There has been no change in the practice or policy of the department since I have had the honour of administering it, and the same practice has been followed for years. The provisions of the statute have not been changed in many years.

Mr. WOODSWORTH: If I may ask a supplementary question, the minister has really not answered my question. One of these men, I understand, has been some twenty years in Canada, and has a Canadian wife and children. The minister has not said by whose authority they were arrested or on what charges or where they are to be tried. In view of the circumstances I think he should give definite answers to these questions.

Mr. GORDON: These parties are being dealt with in just the same way as are any others whose cases might come under review within the scope of the legislation. They are not arrested in that sense of the word. They will come before a board of inquiry set up under the provisions of the act and be given full opportunity to make out their case before that board. If it is shown that the officers who investigated the cases are in error or the evidence upon which the proceedings were started cannot for some reason be relied upon, and if they make out their case, they will have no difficulty. On the other hand, if they are not conforming to Canadian laws, they will most certainly be dealt with as the act contemplates. My duty is to see that the statutes are fairly but justly enforced, and I propose to see that that duty is done in so far as I am able to do it.

Mr. WOODSWORTH: If I may press the matter—

Mr. SPEAKER: Order.

Mr. WOODSWORTH: The minister has not answered the question.

Mr. SPEAKER: The hon. member has put two questions to the minister and has received full and complete answers. The time of the house cannot be taken up in interrogations of the minister.

Mr. J. L. BROWN (Lisgar): May I ask a question of the minister and expect an answer? Where are these men to be tried? Are they to be tried at Halifax where they have been taken, or are they to be returned to Winnipeg where they will be given a chance of a fair trial?

Mr. BENNETT: That does not require an answer.

Mr. BROWN: I think I am entitled to an answer to that question. How can men be given a fair trial about two thousand miles away from where the alleged offence was committed and where they have no chance to arrange for a fair defence?

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I understood the minister to say that the case was being reviewed. Would he indicate how it comes about that the case is being reviewed at Halifax rather than at Winnipeg?

Mr. GORDON: That is not an unusual course; it has been done many times before. The act contemplates that the board of inquiry may hear these cases at any point. With regard to some of the cases, it often happens that we are positive that a man is illegally in this country, and the nearest, most convenient, port where he can be returned to his country of origin is frequently chosen. I have not before me the immediate details of the case to which reference has been made. Perhaps I shall have an opportunity between now and Monday to inquire more closely into it and if further details can be given I shall be glad to give them.

Mr. H. E. SPENCER (Battle River): Who comprise the board of inquiry in such cases?

Mr. GORDON: Under the provisions of the statute a board of inquiry is set up by a certificate from the minister. It is usual to have at every port of entry, that is ocean ports and ports on the boundary from coast to coast, some responsible officer or probably more than one who can constitute a board of inquiry. I cannot of course say, without reference to the departmental files, who the individual is.

Mr. WILLIAM IRVINE (Wetaskiwin): May I ask the minister if, under the act, a specific charge has to be laid against individuals before they are compelled to appear before the board?

Mr. GORDON: No charge as such is contemplated by the act. A complaint is made to an officer who as defined by the act, may include the municipal clerk of a village, town or city, an officer of the department or a peace officer. A complaint is made and then the inquiry is set on foot. After the case is heard pro and con, a report is made to the minister, and if in the minister's judgment the board of inquiry has come to a proper conclusion, and if the person whose case is being investigated, has rendered himself liable, under the provisions of the statute, to being returned to his country of origin, appropriate action is taken.

IMPERIAL ECONOMIC CONFERENCE

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): The leader of the opposition asked me yesterday to fix a day for the discussion of the estimates with respect to the Imperial conference. I think the item is under the heading of miscellaneous in the main estimates. If Tuesday will be satisfactory, we shall take it up on that day. If some other day will better suit the convenience of hon. gentlemen opposite, we can arrange accordingly.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Tuesday will be wholly satisfactory. I thank my right hon. friend.

DEPARTMENT OF INSURANCE

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 66, respecting the Department of Insurance.

Some hon. MEMBERS: Explain.

Mr. RHODES: As the house is aware decisions, some three in number, of the privy council have made it abundantly clear that the business of insurance is within the sole and exclusive jurisdiction of the provinces. While that is so, at the same time the question of bankruptcy and insolvency and also the subject of dealing with aliens and alien companies are within the jurisdiction of this parliament. These circumstances make it necessary that we should have a new act or orientation of acts, if I may use that expression, which will be, as I believe will be the case, beyond question within our legislative jurisdiction. With respect to this bill and the two companion bills which follow, the one under discussion, as the title indicates, is respecting the Department of Insurance. It will be followed by two other bills, one respecting foreign companies and another respecting Canadian and British companies. All, I think, ought to be treated at the same time and I am going to suggest that they be dealt with together in committee of the whole.

These bills have been very carefully discussed in the Senate; there have been numerous public hearings; all parties interested have either been heard or have had full opportunity to be heard, and I may say that the companies themselves are in substantial agreement as to both the principle and the terms of the bills in question. So far as the provinces are concerned, six are quite content with the bills and in fact I think I am expressing their desire correctly when I say it is that the control of insurance, so far as it is within our legislative power, should rest with this parliament and be vested in us. Three of the provinces, while they did not appear before the Senate committee, contented themselves with lodging a formal protest which was of a character to leave it open to them at a subsequent stage, if they chose to do so, to take exception to the legislation. But the framing of the bills has been conducted in such an atmosphere that I hope the result

will be substantial agreement with respect to not only the six provinces in question, but the three which have lodged the objection to which I have referred.

Mr. MARCIL: Will the minister mention the three provinces?

Mr. RHODES: Quebec, Ontario, British Columbia, I do not know that any good purpose can be served by discussion which ought to be confined to the principle of the bill, because I take it that there will be no exception on that score, and the very questions which have been addressed to me so far would indicate that we might make more satisfactory progress and proceed more in conformity with the rules if we could go into committee on the three bills where we could inquire into the matter more fully in detail. I therefore content myself at the moment with that statement, reserving the right to a full discussion when we are in committee of the whole.

Mr. EULER: The minister made the statement that conferences had been held with the provinces and insurance companies and that they had expressed themselves as in substantial agreement with what is proposed to be done under these bills. I was going to ask, and this touches the principle, whether those conferences included foreign insurance companies, and if so, whether they are as well satisfied with what is proposed to be done.

Mr. RHODES: When I say companies I mean reciprocals and mutuals, both foreign and domestic. They are in substantial agreement with the measure.

Mr. SPENCER: Does the government intend to send these bills to the banking and commerce committee?

Mr. RHODES: No. Inasmuch as there have been ample and complete hearings before the Senate committee, it was felt that we could with better advantage move the bills, after the second reading, into committee of the whole house. I may say that there will be no disposition to hurry them unduly, and if it is thought wise we can hold them in committee for a day or two for the purpose of canvassing them as fully as may be desired.

Motion agreed to and bill read the second time.

FOREIGN INSURANCE COMPANIES

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 67, respecting foreign insurance companies in Canada.

Motion agreed to and bill read the second time.

[Mr. Rhodes.]

CANADIAN AND BRITISH INSURANCE COMPANIES

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 68, respecting Canadian and British insurance companies.

Motion agreed to and bill read the second time.

INSURANCE BILLS—CONSIDERED IN COMMITTEE

Hon. E. N. RHODES (Minister of Finance): I beg to move that the Speaker do now leave the chair for the house to resolve itself into committee of the whole to consider Bills Nos. 66, 67 and 68.

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

The CHAIRMAN (Mr. Tummon): Bill No. 66.

On section 1—Short title.

Mr. POWER: Would the minister tell us to what sections of this bill objection has been taken by the provinces? As I understand it, the provinces have no objection to the creation of a department of insurance.

Mr. RHODES: I do not understand that the provinces take objection to any section of any of these three bills, but inasmuch as the privy council has decided that the business of insurance is a business exclusively within the jurisdiction of the provinces, until the provinces are satisfied that we are sufficiently within our own sphere and are not encroaching upon theirs, they have put in what is in effect a caveat. That is, they do not take the position that not having objected they are precluded from saying hereafter: We wish to take exception on the ground of your having invaded our sphere of jurisdiction.

Mr. POWER: Is not the point simply this? Whether the provinces take exception or not, if any of the powers conferred on the federal Department of Insurance by these acts is ultra vires, any citizen in any province may take exception and the attorney general of the province will become a party to a case which just as likely as not will have to go before the privy council in the near future. Is not that the case?

Mr. RHODES: The rights of no individual and no company would be barred. They would still have recourse to the courts if they called into question the constitutionality of this measure.

Mr. POWER: As I understand it, the legal advisers of certain of the provinces, Ontario and Quebec particularly, and the minister says British Columbia as well, have taken the position that the federal government has no jurisdiction whatsoever in matters of insurance. Am I stating it too broadly?

Mr. RHODES: I think that is putting it a little too broadly. They want to reserve to themselves such rights as accrued to them in virtue of the privy council decision. I think it is fair to say that they do not take exception, certainly not to the extent of pressing it, to the jurisdiction which we are now asserting in virtue of these bills.

Mr. POWER: The federal government takes the position that in virtue of the British North America Act it has jurisdiction to deal with bankruptcy and insolvency?

Mr. RHODES: Yes, and also with the question of aliens, and to a lesser degree with the question of trade and commerce. There is no question whatsoever—the provinces have never raised it—that our jurisdiction is ample with respect to bankruptcy and insolvency and dealing with alien companies.

Mr. POWER: The question of alien commerce was settled by one decision of the privy council some time ago, was it not? I do not recollect just what the decision was at the moment, but it was to the effect that insurance was a business that was peculiarly a civil contract and that therefore it came under the jurisdiction of the province. Am I not right?

Mr. RHODES: So far as the question of insurance business is concerned, I think the provinces have always been upheld by the privy council.

Mr. POWER: Did not the same thing apply with respect to aliens?

Mr. RHODES: No, just the reverse. I do not think our jurisdiction both with respect to aliens and in respect to bankruptcy and insolvency has ever been called into question.

Mr. POWER: As I understand it, there is no question as to the jurisdiction of the federal government with respect to aliens, but when the federal government asserted its right to control foreign insurance companies because it had jurisdiction over aliens, I was under the impression that the privy council had decided that that would be extending the right of the federal government too far, that once these aliens were in this country, whether they were foreign insurance companies or not, unquestionably they fell within the jurisdiction of the laws of the province in which they were. I think I am right in that.

Mr. RHODES: I think the real effect of the decision was this: While it is admitted that bankruptcy and insolvency are questions with respect to which we have full jurisdiction, nevertheless we could not, simply because we have jurisdiction over bankruptcy and insolvency, carry it to the point of trying to control the business of insurance as a business, that the latter was within the jurisdiction of the provinces.

Mr. POWER: To go one step farther: I do not wish to reopen any controversy concerning insurance companies, but I should like to know if there is anything in these bills authorizing the government to pass such orders in council as were passed on December 31 last, permitting insurance companies to value their securities at other than the values provided by the former Insurance Act. I must admit I have not read the bills now before us.

Mr. RHODES: Mr. Chairman, respecting the matter of our jurisdiction as it concerns the question of aliens I have before me the last decision of the privy council. On the point in question Lord Dunedin has said the following:

> Their Lordships have no doubt that the Dominion parliament might pass an act forbidding aliens to enter Canada, or forbidding them so to enter to engage in any business without a licence and further they might furnish rules for their conduct while in Canada requiring them, e.g. to report at stated intervals.

And so on.

Mr. POWER: The minister has not answered the question with respect to bankruptcy and the order in council passed last December.

Mr. RHODES: May I suggest—and I think my hon. friend will agree with my suggestion—that we would be well advised to consider this bill paragraph by paragraph.

Mr. POWER: In which bill is that to be found? I understood the suggestion of the minister to be that all three bills should be placed before the committee.

Mr. RHODES: The bills are in committee, so we will take them up clause by clause, and seriatim.

Mr. POWER: I was under the impression the suggestion was that we would discuss the whole question.

Mr. RHODES: I thought we would make better progress by taking the bills section by section.

Mr. POWER: Will the minister tell me in which bill this provision is to be found?

Mr. RHODES: I beg my hon. friend's pardon; I had the wrong bill before me.

Mr. POWER: It is in bill No. 67.

Mr. MARCIL: I should like to know if mutual insurance companies, farmers' associations, and so on pass under the control of the dominion?

Mr. RHODES: They are entirely exempt, unless they come voluntarily and register with the dominion Department of Insurance.

Section agreed to.

On section 2—Definitions; "department"; "minister."

Mr. SPENCER: I should like to know if the provinces of Quebec, Ontario and British Columbia are objecting to this legislation, and if so if they have had the opportunity to express their views.

Mr. RHODES: They have had ample, full and complete opportunity. I would not go so far as to say that they have taken exception to this legislation. They have, however, placed themselves in a position at a later stage to call it in question if they so desire. My impression is that they will not call it in question, and I think in operation they will find that we are on common ground with respect to this legislation. That is my hope and belief.

Mr. SPENCER: It seems to me it is somewhat difficult to give these bills proper consideration in a large committee like this. I am surprised the minister has not sent them to a special committee of the house. I should like to ask if there has been any public expression against the passage of these bills through the house.

Mr. RHODES: Not so far as I am aware. In fact, as I said at the beginning, all parties are in substantial agreement. I am not aware any objections have been taken.

Mr. SPENCER: Have there been no objections from policyholders?

Mr. RHODES: I am advised there are none.

Section agreed to.

On section 3—Constitution of department; minister.

Mr. GARDINER: Will this legislation repeal former legislation respecting the Department of Insurance, and if so is there any important change in the legislation formerly in force?

Mr. RHODES: There are changes in details, but not in substance.

Mr. GARDINER: Are they important?

Mr. RHODES: Yes, some of them are. The changes are made, however, with a view to conformity with the decision of the privy council.

Mr. SPENCER: Mr. Chairman, a few minutes ago the Minister of Finance said there had been no protests with regard to this legislation. I understand a protest has been made to the chairman of the banking and commerce committee, and also to the Speaker of the house by the chairman of the policyholders' association. I should like to know if, on second thought, he recalls any such protests.

Mr. RHODES: The superintendent of insurance has advised me that he has no knowledge of them. If my hon. friend has Mr. Harpell in mind my reply is that he had weeks, weeks and weeks of time and full and ample opportunity to appear before the Senate committee. I made inquiries from the chairman of that committee as to whether or not Mr. Harpell had sought to appear before them, and I am informed that he neither sought to appear nor appeared.

Mr. CAYLEY: Will the minister outline the duties of the office of the Department of Insurance. Roughly speaking, what will be their duties?

Mr. RHODES: There are no new duties. Under the terms of the legislation which we are now passing it will be the object of the superintendent of insurance to exercise as careful supervision and control as is within legislative competence.

Mr. CAYLEY: From now on will all the companies be registered under provincial departments? They will not have to be registered in the dominion department?

Mr. RHODES: For provincial companies that is a matter for the companies themselves to determine. If they do not choose to register in the dominion Department of Insurance they do not have to.

Mr. CAYLEY: But they have no choice, when it comes to doing business in the provinces; they have to register there?

Mr. RHODES: Quite so.

Mr. ILSLEY: Will the Minister of Finance please explain why there are three bills instead of one? Is it not a fact that by the legislation now being passed the present act is divided into three parts? I think the committee should know something about the reason for the steps that are being taken. Perhaps it has been explained, but I was not in at the time.

Mr. BENNETT: Mr. Chairman, as my hon. friend the Minister of Finance succeeded to this department after these matters had been under consideration, I will with his permission explain to the hon. gentleman just what the situation is. As he knows, the privy council's first decision was that the business of insurance was within the exclusive jurisdiction of the provincial authorities and could not be supported alone as being a branch of trade and commerce. Subsequent decisions of the privy council with respect to the powers of provincially and federally incorporated companies outside of the business of insurance altogether induced some companies to believe that possibly the federal powers were more extensive than the first decision indicated. The final decision, upon the matter was given last October, Lord Dunedin speaking for the judicial committee. The effect of that decision interpreted into terms of legislation would be, first, that this parliament has exclusive jurisdiction over insurance companies incorporated by parliament. I think that is fairly obvious to all of us. That is, any company owing its origin to a statute of this parliament is under the exclusive legislative jurisdiction of this parliament, if parliament so desires to impose conditions—as we have—on the exercise of those powers. Secondly, that provincial companies incorporated by the legislature of a province and authorized to carry on the business of insurance, may do so within the province without regard at all to the federal authority either for licensing, or registration, or for any other purpose.

Mr. ILSLEY: And outside of the province, too, I suppose?

Mr. BENNETT: Quite so; because under the decision in the Bonanza Creek case it is perfectly clear that provincially incorporated companies, may, as the hon. gentleman has just observed, transact business in other provinces as well. Therefore, a provincially incorporated company may transact its business in other provinces without the act of this parliament or this insurance department. Thirdly, you have British companies. They are not foreign, inasmuch as they are not aliens within the definition of "aliens" as defined by the privy council commencing with the Cain case, in which the hon. gentleman will recall the Supreme Court of Canada decided in the same sense as the judicial committee did, that we have power to deal with aliens in the form in which we have enacted legislation by this parliament; in other words, the legislation was intra vires. Then there are foreign companies, over which we have complete jurisdiction on two grounds, one, that they are aliens and come directly within the language used by Lord Dunedin as just quoted by the Minister of Finance. The other ground on which we deal with them—is is merely subsidiary of that principle—is that they have no status in this country except such as may be acquired by registration, and inasmuch as the dominion has the power, they then receive from the dominion department a licence—if you care to use that word; I do not think perhaps it is the most desirable to use in view of the language of the courts —or authority to transact their business.

When the legislation came under review the difficulties were shortly put thus: that inasmuch as the act covers all these enterprises, both the domestic company incorporated by this parliament and the domestic company incorporated by a province, the British company and the foreign company, as well as the operations of the machinery of the Department of Insurance, it was believed by all parties—shall I say?—those who represented the companies and the law officers of the crown—that the interests of all would be best served by making a clear line of demarcation between (a) the department and its powers, (b) companies domestic in their character or British and (c) companies that are foreign. The new legislation will not be complicated by all these matters being in one bill. The first bill, for instance, that is now under consideration deals with the insurance department. The jurisdiction of that department obviously must be lessened by reason of the last decision of the privy council, inasmuch as the conduct of business, as such, does not lie within the competence of this parliament to control. But the necessity for the department arises because we have incorporated insurance companies, we have defined their powers, we have indicated the interest rate on which their reserves shall be calculated, and we have indicated the character of their investing powers. It therefore follows that

the insurance department should be maintained. As the minister has just said, some of the provinces would very much prefer that provincial companies should attorn to this jurisdiction so as to relieve them of the burden and necessity of constant supervision and inspection. The history of the United States with respect to insurance should be of some assistance to us. Their forty-eight states have forty-eight laws with respect to insurance companies, their inspection and supervision, and this has imposed a very considerable burden of expense on the companies. I am not in any sense endeavouring to promote the federal power when I say it is generally conceded by those who have to do business with insurance companies, that a single unified control, properly directed, with such conditions imposed as this parliament thinks desirable, will promote efficiency and safeguard the interests of the insured. That is the general view at least; whether it is the accurate view or not I am not going to express an opinion.

Then if once we establish the department, its jurisdiction with respect to the companies we ourselves incorporate is complete. With respect to the provincially incorporated or created companies, the jurisdiction is conditional; if they do attorn to this jurisdiction and desire there should be that control, then the department has been in the habit heretofore—and I presume will be hereafter—of exercising those functions. But that does not divest the provinces of their control; it relieves them of the expense. I think the hon. gentleman will understand why some of the provinces would very much prefer that that should be done.

Then you pass into the realm that is more difficult from one standpoint, less difficult from another. The British companies have not the status of our domestic companies, owing their incorporation neither to a statute by this parliament nor by the provincial legislatures, but to a statute in some other part of the British Empire. They come in here with British nationality and they must be subject to different control from that governing the company created by foreign legislation, because you cannot invoke the clause with respect to aliens against British companies. Therefore this third bill endeavours to make a clear differentiation between British companies on the one hand and foreign companies on the other. That is the purpose of the legislation.

I need hardly say to the hon. gentleman who has followed these matters as a lawyer that each phase presents a distinct and clear cut issue. First, the creation of your department and the necessity for it. In other words, we cannot divest ourselves of our responsibilities, for no province would have as of right jurisdiction over some phases of the insurance business that we should have with respect to those companies that we ourselves have created. We leave out, as I say, provincial companies, except as they may see fit to attorn to our jurisdiction. The other matters I will not reiterate our position with respect to, but I think it is quite clear why it is desirable to separate these measures and not have an aggregation of sections that deal with different cases, but rather to try to separate them one from the other. I may say that in a committee in another house the fullest public discussion took place and the most eminent counsel representing the provinces and the companies made representations in connection with the legislation. The legislation as it now stands embodies the collective wisdom of the most eminent counsel we have in Canada, together with the suggestions that have been made by the law officers of the crown, on the federal side as well as on the side of the provinces.

In answer to my hon. friend from Battle River (Mr. Spencer), I may say that yesterday I received a telegram signed by Mr. Harpell, stating that he was representing certain of the policyholders' associations, but my inquiries, which thus far have been casual and which I have not followed up in detail, have brought the information that he did not ask to be heard before the Senate committee that afforded the greatest possible opportunity for representations to be made by any person who might desire to make them. In fact representations were made both by letter and verbally, by people interested.

Mr. WOODSWORTH: I should like to be permitted to congratulate the Prime Minister on his success in getting around some of the difficulties inherent in the British North America Act. This is almost the first time that I recall such a triumph on the part of the government in overcoming the jurisdictional problems so often connected with that act. As I understand the Prime Minister, he says this act does not deprive the provinces of their jurisdiction but relieves them of their responsibility. I hope that some day the Prime Minister will devote himself to an attempt to arrange some modus vivendi by which we can secure the enforcement of the eight hour day and also adopt in this dominion something in the nature of unemployment insurance. It seems to me that if we put our wills to work there should be no

particular reason why the British North America Act could not be overcome in other spheres than that of commercial insurance.

Mr. EULER: Being merely a layman and not a lawyer I should like to have a point cleared up, if possible. I understood the Prime Minister to say that despite the decision of the privy council, companies incorporated by dominion statute, British companies and foreign companies, especially mutual companies, are still under the complete jurisdiction of the dominion. Am I correct in that statement?

Mr. BENNETT: No. Of course, with reference to companies incorporated by dominion statute, this parliament can impose such conditions as it pleases with respect to the granting of a charter, but the actual business is solely and exclusively within the jurisdiction of the provinces. The last decision makes that clear. For instance, being property and civil rights, the insurance contract between the company and the insured is regulated by the laws of the province in which the contract is made, but the status of the company is entirely determined by this parliament. Then you come to foreign companies. It is perfectly clear, as the legislation will indicate, that a foreign company may register in a province, but we and only we have the jurisdiction to deal with it, as we have the authority to deal with aliens under section 91 of the British North America Act. I believe the particular subsection is 23, though I am only speaking from memory. That power to deal with aliens gives to us, and to us only, the power to deal with foreign companies from that standpoint. Have I made myself clear?

Mr. EULER: Yes, thank you. I just wish to ask this further question: Take a foreign company, for instance, and I think the ones most discussed were the mutual companies of the New England states. I understand the Prime Minister to say that they may still register in any province, and therefore they can go on and do business. Then has the dominion any jurisdiction; can this parliament say "You shall not do business in this province?" Can we, for instance, over-rule the provinces in the matter of registration?

Mr. BENNETT: I am afraid my hon. friend did not follow my remarks, or I did not make myself sufficiently clear. With respect to foreign companies we assert that we have exclusive jurisdiction, and not the provinces. I see my hon. friend from Hants-Kings (Mr. Ilsley) has looked up the British North America Act. Could he give me the subsection dealing with aliens?

Mr. ILSLEY: It is subsection 25 of section 91.

Mr. BENNETT: Thank you. If my hon. friend from North Waterloo will observe the provisions of section 91 he will see that it states that "the parliament of Canada shall have exclusive jurisdiction," just as section 92 confers exclusive jurisdiction upon the provincial legislatures. For the purposes of law a corporation is in the same position as an individual with regard to section 91, and such a company registers under our statutes.

Mr. EULER: Then as a matter of practical application, if a foreign company chooses to do business in any province of Canada must it first approach the dominion, or can it approach the provincial government?

Mr. BENNETT: Our submission is that, being an alien company, it must first deal with the dominion.

Mr. EULER: Then if the registration is accepted, or if the dominion agrees that it may do business, the registration is made in the province, and does the company then fall under the jurisdiction of the province in regard to the conduct of the business?

Mr. BENNETT: So far as business is concerned, interpreting the judgment as learned counsel have interpreted it, we have no power to regulate or control business, whether transacted by a foreign or by a domestic company. If the foreign company receives status here, as under our law with respect to aliens it must, then of course it is at liberty to deal with the question of the terms upon which it may transact business in the province, under the exercise of power by the province, as is the case with any other company, domestic or foreign. The question of the transaction of business is under the regulation of the provinces.

Mr. EULER: In all cases?

Mr. BENNETT: Yes.

Mr. CAYLEY: Just a question with regard to the matter of inspection, to which reference has been made. The minister spoke of the question of inspection as it had to do with the forty-eight states of the United States. I wanted to ask this question: Is it possible that we have nine different inspections of all companies doing business throughout Canada, or is it the fact that one inspection is made, and the other authorities accept the report of that inspection?

Mr. BENNETT: I desire to repeat what was said by the minister in bringing forward this bill: I think some six of our provinces, realizing the desirability of uniformity, have left the question of inspection entirely with the federal authority. The larger provinces, as well as British Columbia, feel that they may want to carry on this inspection themselves, but they have not finally made up their minds upon that point. I think what the hon. gentleman has in mind is this: The head offices of all the insurance companies make out their annual returns, which have to do with all those matters that are common to the forty-eight jurisdictions in the United States, and then the special requirements of each individual state are met by supplementary returns attached to the main return. It is a very complicated matter. For instance, a company domiciled in the state of New York makes its return to that state in conformity with the requirements of the superintendent of insurance there. The state of Arizona, for example, may have additional or not so many requirements. The company merely amends the same report for the purpose of meeting the requirements of the other states. I think the hon. gentleman suggested that a copy might be sent to each authority. That would not satisfy the requirements. In the United States each state imposes its own method upon the companies, and they make supplementary returns to satisfy the requirements of each state.

Mr. CAYLEY: I had reference to the periodical inspections and audits.

Mr. BENNETT: This is the way it works out in practice, I think: Inspection is made in the domicile of the company because they have control over the enterprise. They go and search securities and matters of that kind. Other states satisfy themselves in any way their legislation may require, either by having everything verified in form, by having some one attend and make a search, or by any other method which may be desirable. So far as business in the particular state is concerned, they usually make a computation of reserves and insist that there be deposited in the state sufficient security to take care of the reserves computed on the rate of interest provided for by the statutes.

Mr. CAYLEY: What is the arrangement in Canada among the various provincial superintendents of insurance?

Mr. BENNETT: Prior to the decision of October last, our superintendent of insurance and his officials inspected all companies registered in Ottawa but he exercised no jurisdiction over those companies having purely provincial incorporation. For instance, without going into names, there are several companies in Ontario which have provincial charters; our superintendent of insurance did not inspect them at all in any way but if they came here, then he and his officials had responsibility for their inspection. Have I made myself clear?

Mr. CAYLEY: No, you have not. Certain provincial companies have gone beyond the bounds of their own province and are doing business in several provinces, and I should like to know if there is some arrangement among the superintendents of the provinces as to this periodic audit and inspection.

Mr. BENNETT: My answer is that that is a matter over which unfortunately we have no control—they go and do as they please. In the case of a provincial company incorporated in Ontario and doing business in Manitoba, I cannot say what Manitoba does. That province may or may not accept a provincial audit, but there is no federal audit by our superintendent of insurance.

Mr. CAYLEY: I understood that the province in which the head office is located made this inspection and audit and the other provinces accepted their certificate.

Mr. BENNETT: That may be so, but we have nothing to say about it. I am bound to say that I believe that some provinces, in order to save expense, are doing just what the hon. gentleman has said, but in view of the decision last fall of the privy council we have no power or control because the company is provincial in origin and has got into other provinces according to the laws of those provinces. Therefore, the inspection started as provincial and it continues as provincial and we exercise no control. Personally, I think it is very undesirable that there should be any conflict of jurisdiction in these matters, I think a uniform inspection and audit of all insurance companies would be in the public interest. However, that is only my personal view. As the minister has indicated, several of the provinces desire that state of affairs to continue. I understand the hon. gentleman has had experience in these matters and he will realize that where you have a premium rate fixed upon, (a), the earning power of money over a long period of years and, (b), the expectation of death over a long period of years, it is undesirable that the rates of interest should be higher in one province than in another for the pur-

pose of determining the premium rate and it is more undesirable that different tables should be used to determine the probable mortality. This matter has been settled and it is too late to argue along these lines; all that we can hope for is that the provinces will agree that it is desirable that there should be a unified inspection, audit and control.

Mr. EULER: Perhaps I am dull of comprehension—

Mr. BENNETT: The hon. member certainly never has been.

Mr. EULER: —but I should like to know more definitely the mode of procedure with respect to these alien companies, the American companies, to be exact. We will suppose a United States company desires to do business in Canada, perhaps in only one province. I take it that its approach must first be made to the dominion Department of Insurance. Am I correct in that?

Mr. BENNETT: I will use the word "alien" in referring to the companies in order to make it clear. An alien company desires to transact business in Canada—I do not say in a province because that is not my purpose—so it must first of all come here and make good its status. Do I make that clear?

Mr. EULER: What does that mean?

Mr. BENNETT: That means that it registers, puts up its deposit and receives authority to carry on business.

Mr. EULER: Does it put up its deposit with the dominion department?

Mr. BENNETT: That is what we have provided for; this is done in order that it may have a local habitation and camp, in the words of the poet. What it shall do with respect to each province is determined by the province itself, we have nothing to say about that.

Mr. EULER: Supposing that at any time either the dominion or the province desires to cancel a licence; suppose, for example, that the dominion desires that a company should no longer do business in Canada, would the dominion have power to cancel a licence to do business issued by a province?

Mr. BENNETT: Undoubtedly, if the company in its returns indicated just cause and reason why there should be no continued recognition by the dominion of the status granted.

Mr. EULER: That would automatically cancel the licences given by the provincial inspectors?

Mr. BENNETT: That would be my opinion at the moment; I do not make a definite statement but that would be my gratuitous opinion to the hon. gentleman, it would have that effect. I shall try to make it a little clearer to the hon. gentleman because I do not wish to leave this matter in doubt if at all possible. Inasmuch as a non-Canadian and non-British company desires to come within the boundaries of Canada to do business, our view of the law is that it must register with the Dominion of Canada—I am using the word "register" in the broad sense—and it must meet our requirements by putting up a deposit. Having done that it receives authority, not to do business in a province but in recognition of its status having been created by its conforming with our law. After that, the making of returns merely continues the authority.

Mr. EULER: It cannot do any actual business without getting a licence from some province?

Mr. BENNETT: Some of the provinces may not require a licence, and that is a matter over which we have no control in view of the decision. In other words, Prince Edward Island may say: if the company has received a status from the dominion government, we are not concerned about a licence, all we are concerned about is to tax the company.

Mr. EULER: Who has the right of inspection, the dominion or the province?

Mr. BENNETT: I am not expressing an opinion, but in my judgment we have the right to know that there has been no alteration of the situation to impair the conditions which existed when we granted the status.

Mr. EULER: Would it not be desirable to have an understanding with the provinces in which this company might do business so that there would be no conflict of authority?

Mr. BENNETT: In that regard I can only repeat what I have said in this house so frequently, that I would regard it as desirable. I hope this and three or four other matters will be settled when the provinces and the dominion find time to get together for a discussion. Experience teaches that all constitutions are subject to change and that as the development of the construction of a written instrument proceeds it may be desirable to modify it by the considered and joint action of the parties affected, and I hope that end may be accomplished. That is my view, but others hold another view equally

as strong. As perhaps is known, an effort was made in the subcommittee to do that, but it did not get very far. However, it may be that in the light of experience that condition may be brought about. I can only tell my hon. friend the conditions which we had to meet and how we have met them. The Minister of Justice (Mr. Guthrie) and his department have given a tremendous amount of effort to this matter. The superintendent of insurance, having a very strong opinion with respect to the necessity of federal and uniform supervision and control, has done the same. The Minister of Finance came into the picture after it had been developed to a very large extent, and subject to the discharge of his other duties, he has had a limited time in which to deal with it. But we have dealt with it just as well as the accumulated wisdom and judgment of the most eminent counsel acting for various interests in conjunction with our own have been able to determine. This legislation represents not any—

Mr. EULER: Final?

Mr. BENNETT: —not a final determination of it, nor yet an iron-bound expression of an extreme view. But the leader of the Senate, himself an experienced lawyer, was able, with the aid of counsel and by making a compromise here and there, to secure this legislation in the form in which it now is. It has been a most difficult thing to accomplish.

Mr. CAYLEY: What arrangements have been made regarding the New England mutuals that were mentioned a little while ago? I understand heretofore they did not take out a dominion licence to do business in Canada, but rather preferred to register with the provinces. I should like to know what arrangement has been made as regards accepting deposits from those companies.

Mr. BENNETT: I am happy to inform the hon. gentleman that the arrangement is as follows: Companies such as those named and others of a similar character will make with the Dominion deposits equivalent to their Canadian liabilities and subject themselves to the inspection of the Canadian Department of Insurance. I believe they were advised by their own home lawyers as well as by their Canadian representatives that as aliens they were reasonably being asked to accept that position, and they agreed to do so. Therefore they make a deposit equivalent to their Canadian liabilities and subject themselves to Canadian inspection; when I say "Canadian" I mean central, the Department of Insurance of Canada inspection.

[Mr. Bennett.]

Mr. EULER: I apprehend I am out of order—

Mr. BENNETT: No, the whole bill is under review.

Mr. EULER: This refers really to another matter in connection with these mutual companies. I understand in the budget a tax of some 15 per cent is being imposed on premiums of these mutual companies. Has anything been done with regard to that, or is it proposed to do anything or has any compromise or agreement been reached? It aroused a great deal of dissatisfaction with some of our Canadian insurers.

Mr. BENNETT: I think the Minister of Finance explained that in the transcription of the resolution the language used was not in accordance with the statement that he had made in the house. They are being taxed without discrimination, the same as other licensed companies that come in as foreign companies.

Mr. EULER: It was prohibitory really.

Mr. BENNETT: That provision was intended to meet the situation.

Mr. EULER: They are quite satisfied to register?

Mr. BENNETT: Yes.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7.—Superintendent or officers not to be interested in any company.

Mr. RHODES: I have an amendment to suggest to this section for the purpose of strengthening it. It will be observed that the section reads:

> The superintendent or any officer or clerk under him shall not, directly or indirectly, be interested as a shareholder in any company doing business in Canada and registered or licensed under any of the acts respecting companies specified in the schedule to this act.

The amendment I propose will enlarge that prohibition to include an interest in a trust company or a loan company doing business in Canada or in any province of Canada. I would therefore ask my colleague the Minister of Justice to move this amendment.

Mr. GUTHRIE: I beg to move the amendment that has just been announced to section 7 of the bill.

Mr. CAYLEY: Why was the phrase "any province of Canada" added?

Mr. RHODES: This is to enlarge the protection afforded by the act, that not only shall the superintendent of insurance or any officer or clerk under him not hold shares in any dominion company, but that they must not hold shares in a provincial company or a trust or loan company.

Amendment agreed to.

Section as amended agreed to.

On section 8—Superintendent to ascertain expenditure under acts during last preceding year.

Mr. RHODES: I have an amendment to move to include subsection (3) of section 8. If hon. gentlemen will refer to the note on the reverse page, they will see that this is a subsection which properly has to be moved in this chamber and not in the Senate. I would therefore ask my colleague the Minister of Justice if he would be good enough to move this as well.

Mr. GUTHRIE: I beg to move that the following be added to the bill as subsection 3 of section 8:

[(3) Thereupon the superintendent shall ascertain the ratio or percentage which the total expenditure incurred in the administration of the said acts respecting insurance companies, of the Loan Companies Act, and of the Trust Companies Act, respectively, so found and certified is of the total net receipts of the said insurance companies, the total income of the said loan companies and the total income of the said trust companies, respectively, and he shall cause an assessment to be prepared against each of the aforesaid companies as follows, that is to say:—

(a) Against each of the said insurance companies of an amount equivalent to such percentage of the said net receipts of each company as the total expenditure incurred in the administration of the said acts respecting insurance companies is of the total net receipts of all such companies; and

(b) Against each of the said loan companies of an amount equivalent to such percentage of the said income of each company as the total expenditure incurred in the administration of the Loan Companies Act is of the total income of all such companies; and

(c) Against each of the said trust companies of an amount equivalent to such percentage of the said income of each company as the total expenditure incurred in the administration of the Trust Companies Act is of the total income of all such companies;

and such assessment, when certified by the superintendent, shall be binding upon the said companies, and each of them, and shall be final and conclusive.]

Amendment agreed to.

Section as amended agreed to.

Sections 9 and 10 agreed to.

On the schedule.

Mr. SPENCER: In the case of a foreign company, will there be any need for two inspections, one by the federal and one by the provincial government?

Mr. RHODES: The dominion authorities think not, but of course what the provinces may determine to do is another matter.

Mr. SPENCER: If only one is made, who will do the work of inspection?

Mr. RHODES: If the provincial companies attorn to the jurisdiction of the dominion, why, we must do it.

Mr. SPENCER: The provinces will have the right to duplicate it, if they like?

Mr. RHODES: Apparently so. That is a matter within the jurisdiction of the provinces.

Schedule agreed to.

Title agreed to.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): Bill 67, respecting foreign insurance companies in Canada.

Sections one and two agreed to.

On section 3—Register of companies.

Mr. COOTE: Before this bill goes through, as it is so voluminous and rather important, I should like again to urge that the minister have it sent to the banking and commerce committee. It is impossible to consider it properly in a committee of this size and nature. If it were before the banking and commerce committee, the superintendent of insurance would appear there and explain why the changes have been made and explain also any sections. I think we should not in this house depend upon the banking committee of the Senate. Certainly we should have this bill go before our own committee. I think that is what the standing committee on banking and commerce is for, that is its chief function, and I would again respectfully urge the minister to send the bill to the banking and commerce committee.

Mr. RHODES: The house in its wisdom decided that this bill would be referred to the committee of the whole, and it is here and we are now considering it. So far as the merits go, I may point out to my hon. friend that there was a very complete, very comprehensive, and I may say an exhaustive inquiry into this measure by the Senate committee, where there was ample opportunity for all parties interested and the public as well to be heard, and they not only were heard at length but were represented by very eminent counsel.

So I think that in the circumstances we are taking the right course, if I may say so, with equal deference to my hon. friend. I would again say to him that there is no disposition to ask this committee to act with undue haste with respect to this matter. If it is thought wise that the bill should be held in committee for a further sitting, I am quite content.

Mr. COOTE: It was not with the idea of hearing witnesses before the committee that I suggested that this bill should go to the banking and commerce committee, but I feel that it could be considered to much better advantage there than by the committee of the whole house. So far as the point which the minister makes, that this bill has been considered by a committee of the Senate, is concerned, I have known bills to receive very careful consideration by a committee of this house and then go to the Senate and there be referred to the Senate's own committee, and very properly so. I repeat, I think this bill could be considered to much better advantage by the banking and commerce committee than by the committee of the whole house. The bill is very lengthy and there is a far better chance for the banking and commerce committee finding out what it really means.

Mr. EULER: I have a certain sympathy with what my hon. friend from Macleod says. I do not like to delay the work of the committee, but this bill is very voluminous and it is pretty difficult to understand the significance of the various clauses. For myself I think I would be content, and perhaps other members would be, if the minister would give us a fairly full explanation of any vital changes in the bill as compared with former legislation. Does this bill pretty well follow the old enactment? Would the minister point out wherein it differs radically from the former legislation?

Mr. RHODES: I shall be very glad indeed to do that as we proceed. I have a number of amendments to move to the bill, and I will explain each paragraph as we go along.

Mr. CAYLEY: The minister spoke of the extensive work that was done by a committee of the Senate. But there is no record of that committee's meetings; at least I have not seen any. I understand that the Senate committee went into the matter very thoroughly and sifted every phase, but I am at a loss still to know who was present at that committee. Were all the superintendents of the departments of insurance present, especially Ontario, and were all those who were raising protests represented, the mutual companies, life insurance companies and so forth?

[Mr. Rhodes.]

Mr. RHODES: As I said at the beginning, six provinces have always been quite content, I take it, to accept the jurisdiction of this parliament in the matter of insurance legislation. As a matter of fact, I may say for the province of Nova Scotia that for years there we have submitted ourselves gladly to the jurisdiction of the dominion in the matter of insurance because, first of all, as a province we divested ourselves of a tremendous responsibility which will be obvious to my hon. friend who has a wide knowledge of insurance matters, and in the second place we saved ourselves a great deal of expense and we were able to avail ourselves, to the benefit of the province, of the knowledge, wisdom, experience, and guidance of the dominion Department of Insurance. With respect to the three provinces which did not accept that position, they were all represented by eminent counsel before the Senate committee.

Mr. EULER: Which were the three?

Mr. RHODES: Ontario, Quebec and British Columbia. Mr. Bayly, the deputy attorney general of Ontario appeared for that province and also represented British Columbia. The province of Quebec was represented by Mr. Aime Geoffrion. All the insurance companies were fully represented.

Mr. EULER: Including the foreign companies?

Mr. RHODES: Yes.

Mr. SPENCER: This is the first time in eleven years that I have known the Commons so ready to give such a blanket acceptance to the work of the Senate. Possibly it is because lately there has been much more activity than usual in the Senate. I think that the Senate should feel very much flattered at the minister's thinking their work so perfect that we should be able to pass these bills here without a great deal of consideration. Certainly the explanatory notes are not sufficient to enable one to understand the significance of the bills, but if the minister is going to speak on each clause, we can give them consideration but certainly not the consideration that they would receive in the banking and commerce committee, and we cannot give them proper consideration if you, Mr. Chairman, simply read the marginal notes. The bill is new and lengthy and important, and certainly we should have some explanation from the minister. I feel with the hon. member for Macleod and the hon. member for North Waterloo that it is asking a great deal of this committee to give consideration of this bill when it is so lengthy and contains so much new material.

Mr. RHODES: I should think my hon. friend from Battle River would be the last person to take exception to our following a new course because it is from that section of the house that we always expect new paths to be pursued, and my hon. friend must not expect us always to follow what he believes to be the Tory course. I think we are singularly fortunate in this instance, Mr. Chairman, because before the Senate committee all parties were represented and there were a number of eminent legal gentlemen appearing as counsel who had the time to devote to an intensive study of this measure. Without calling in question or reflecting in the slightest degree upon those who form the banking and commerce committee of this house, they have had a tremendous amount of work to perform this session, with numerous sittings of the committee dealing with very important matters, and were they of even greater intelligence than they are they could not have found the time to deal with this measure, along with all the other work they have had to do, in the complete way in which it was considered by the Senate committee. In the Senate committee it took some three or four weeks of exclusive time and attention, assisted as the committee was by eminent gentlemen learned in the law from the various provinces of Canada. I think that we are indeed fortunate that that was the situation. If this were a matter in respect to which there was contention or there was any danger of the public interest suffering, there might be something to be said for what my hon. friends have suggested, but as a matter of fact the very course that was taken was designed to give the public interest the fullest possible protection, and I think now we are in the very happy position of having a measure before us which has had so much time and attention given to it and which has proved so acceptable to all parties interested, and, I think, to the public at large.

Mr. LUCHKOVICH: I would ask the minister whether any objection was taken to this bill by any of the provinces when it was being considered by the Senate committee.

Mr. RHODES: Mr. Chairman, this bill is the result of the pooled wisdom of all parties interested. While perhaps I cannot go to the point of saying that the provinces are in complete agreement, I can say that six of the provinces agree, and that three provinces leave themselves open, if they choose so to do, at a later stage to take exception to the measure. In the meantime at least they are not opposing the bill.

Mr. EULER: This legislation could have effect and force only if the provinces do not object?

Mr. RHODES: No, not at all; on the contrary it will have full force. As a matter of fact I do not assert my view is worth anything in this matter, because this is a subject which will require far more study than I can give it. However, eminent lawyers with whom I have conferred are of opinion that this bill is within the competence of the legislative jurisdiction of this parliament.

Mr. LUCHKOVICH: Away back in the year 1916 the province of Alberta took the matter of jurisdiction in insurance to the privy council, and if I remember correctly the verdict was in favour of handing over jurisdiction to the provinces. I was just wondering whether the province of Alberta had counsel before the Senate committee, and whether such counsel did not object.

Mr. RHODES: As I have said, Mr. Chairman, the privy council has held in all cases that the business of insurance, as a business, is within the sole jurisdiction of the provinces; there is no question about that; we do not assert anything to the contrary.

Mr. EULER: And this bill does not conflict with that?

Mr. RHODES: No, in no shape or form.

Mr. ILSLEY: The minister has said that six of the nine provinces are in agreement. Of course it is not necessary to point out that the agreement of the provinces does not confer jurisdiction upon the federal parliament.

Mr. RHODES: Quite so; that is a legal position which could be taken.

Mr. ILSLEY: It may be that the provinces would not take exception to the legislation, but that companies would take exception. In such case the position taken by the provinces would not preclude the action of the companies. Speaking particularly about the part of the bill now under discussion, I must say I do not see anything of a controversial nature. Speaking however as a member of the House of Commons who has not yet had the opportunity of reading any of these bills, I would expect the Minister of Finance at some stage or another to take up the question of jurisdiction, and make a simple explanation to the committee of how the proposed legislation gets around the very sweeping decisions of the privy council. Such an explanation should not be a very difficult matter. If the legislation is intra vires it

should be a very simple matter to make an explanation to the house. With all due deference to the collective wisdom of able counsel and committee members who have dealt with this legislation it seems to me it is the function of the committee of the whole to secure the fullest explanation before such legislation is passed.

I have before me the last decision of the judicial committee of the privy council given on October 22, 1931, in which it is held that the dominion parliament has no authority to deny to British or foreign insurance companies the right to transact business in Canada, or to make it a condition of transacting business that they take out dominion licences. I think my statement sets out the effect of the decision. I understood the Prime Minister, in his explanation of the proposed legislation, to say that we do have the right to deny the right to licence or the right to be registered in Canada, and to stipulate that companies must be registered in order to do business. Perhaps I would not be occupying the time of the committee unduly if I were to read a short extract from this decision of the judicial committee of the privy council in which Viscount Dunedin expressed the matter very clearly:

> What has got to be considered is whether this is in a true sense of the word alien legislation, and that is what Lord Haldane meant by "properly framed legislation." Their lordships have no doubt that the Dominion parliament might pass an act forbidding aliens to enter Canada or forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada, requiring them, e.g., to report at stated intervals. But the sections here are not of that sort, they do not deal with the position of an alien as such; but under the guise of legislation as to aliens they seek to intermeddle with the conduct of insurance business, a business which by the first branch of the 1916 case has been declared to be exclusively subject to provincial law. Their lordships have, therefore, no hesitation in declaring that this is not "properly framed" alien legislation.

My submission is that the Minister of Finance ought to explain to this committee of the whole how and in what respects the legislation before the house is properly framed alien legislation, and in what respect it is different from the legislation which was declared ultra vires by the decision from which I have read—that is, so far as alien or foreign companies are concerned. When we come to British insurance companies about the same considerations apply, although they are not aliens. It was sought to control British insurance companies and subject them to the necessity of taking out dominion licences on the ground that they were immigrants.

Mr. LUCHKOVICH: The hon. member has said that the legislation was declared ultra vires; I think it was the jurisdiction which was declared ultra vires by the privy council.

Mr. ILSLEY: No, it is always legislation that is declared ultra vires; my hon. friend will see that in both instances it was legislation which was declared ultra vires. The decision goes on to say:

> As regards British subjects, who cannot be styled aliens, once the false definition is gone, the same remark applies as to alien immigrants. This is not properly framed law as to immigration, but an attempt to saddle British immigrants with a different code as to the conduct of insurance business from the code which has been settled to be the only valid code, that is, the provincial code.

I should like to have an adequate explanation as to how the proposed legislation gets over the effect of the privy council decision of 1931. That decision certainly held ultra vires a provision that alien companies must take out licences as a condition, under which business might be carried on. Looking over the present legislation, I cannot see that it is different from that which has been declared ultra vires.

Mr. RHODES: I would be the last person to attempt to give an explanation, which would be acceptable either to this committee, the House of Commons or the country, and which would make clear to all persons the position of legislation with respect to insurance. A very eminent lawyer, a friend of mine, said he knew of no instance where lawyers disagreed so widely or violently as they did with respect to the question of jurisdiction in insurance. I would not attempt either for my hon. friend or for the committee to enlarge upon the explanation which was offered with extreme clearness by the Prime Minister in response to a query by the hon. member for North Waterloo. I think he made it very clear. There has been no attempt in this legislation to get around any decisions of the privy council—none whatever. I submit we are seeking only to put in the form of legislation that which is within our absolute competence. We are not attempting to invade the field of the provinces with respect to insurance, or contracts of insurance. I think that has been made abundantly clear several times to-day. It is admitted we have absolute jurisdiction with respect to the question of aliens, alien companies and bankruptcy, and that is as far as we go in this legislation.

Mr. POWER: I do not think there is any indication of wrong doing on the part of the government, or any attempt to get around a decision of the privy council. I should like the minister to remember, however, that the decision of the privy council, as I understand it, was to the effect that the legislation as drafted was ultra vires.

Mr. RHODES: That is the old legislation.

Mr. POWER: I think perhaps the last one, too. The last decision was more or less to the effect that it was conceivable that the federal government could draft such legislation as would be intra vires. I may be wrong in that, but that was my conception.

Mr. RHODES: That is right, I think.

Mr. POWER: I think the question of my hon. friend from Hants-Kings (Mr. Ilsley) is directed to the manner in which the government and its legal advisers have endeavoured to meet the decision of the privy council by drafting legislation somewhat different from that which has already been discarded as a result of that decision; that is, as to how they went about it, what particular phraseology was used in order to try to meet the decision. I think such information would be interesting.

Mr. RHODES: We have in these bills eliminated a number of sections which appeared in the old act.

Mr. POWER: The phraseology has been changed, I understand.

Mr. RHODES: And we have eliminated section after section. I shall be very happy to point these out as we proceed.

Mr. EULER: And you have inserted new sections. Those are the ones we should like to know about.

Mr. RHODES: Very few.

Mr. CAYLEY: While I think this matter has been thoroughly dealt with by the committee of the Senate, I regret the records of that committee are not available. If the federal authorities have jurisdiction over alien companies, how is it that alien companies have operated in this country heretofore without registering with the federal insurance department?

Mr. RHODES: The dominion has taken the position that they were operating illegally.

Mr. ILSLEY: The privy council said not.

Mr. RHODES: The provinces said so.

Mr. EULER: If in future an alien company proceeds to do business in Canada without getting status from the insurance department, would that department enforce its regulations?

Mr. RHODES: We contend such a company would be doing business illegally and we could preclude them from continuing.

Mr. POWER: But I doubt very much if once they are in this country you can keep them from carrying on ordinary business. It is just as if you tried to prevent an immigrant coming into the port of Halifax or the port of Quebec; if he passes all the tests and is properly in Canada, there is nothing to prevent him buying a piece of bread or a cup of coffee—of carrying on the ordinary business which an ordinary civilian can carry on. Insurance is a business that comes under the civil laws of the provinces. Once you have allowed a man in he is to all intents and purposes on exactly the same footing as a citizen of this country so far as carrying on the ordinary details of business is concerned.

Mr. RHODES: Not entirely. I think there is not any question that we can stop an alien from coming in. We agree up to that point.

Mr. POWER: Yes.

Mr. RHODES: My friend says that an alien company having come in it can do just what it likes. That is not in conformity with the decision of the privy council by any means. I think I cited this decision once before:

> Their Lordships have no doubt that the Dominion parliament might pass an act forbidding aliens to enter Canada or forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada, requiring them, e.g. to report at stated intervals.

After the alien company is in here we would have absolute jurisdiction to deal with the question whether it was solvent or insolvent.

Mr. POWER: I am not prepared to go that far.

Mr. RHODES: That is the opinion of the law officers of the crown and of eminent counsel. I do not think exception has been taken to our contention that we have a very large measure of control over alien companies.

Mr. POWER: I am under the impression that the provinces did take exception. Mr. Tilley, represented Ontario and Mr. Geoffrion, represented Quebec; they are both eminent counsel.

Mr. BURY: An analogy has been made between the entry of an immigrant and a foreign company. How can a foreign company enter Canada except by registry? It has no existence of the same nature as a person. A person is a physical being who walks over a gangway into the country. Surely a company can only get its admission and establish itself in the country in the same way as an immigrant establishes himself—by some act which constitutes its legal entity inside the country. That seems to me to be the first object of the bill. After the foreign company has become a legal entity, which it can only do by fulfilling the requirements in the bill, it still remains for certain purposes under the jurisdiction of the Dominion parliament.

Mr. EULER: They might appoint a Canadian citizen as their agent.

Mr. BURY: But in the character of a company it would have to be registered inside the dominion.

Mr. LUCHKOVICH: If the legislation that the member for Hants-Kings spoke of had been accepted by the provinces, would it in the eyes of the privy council have been intra vires instead of ultra vires?

Mr. RHODES: That is a matter of law, but I think the answer would be the same either from the member for Hants-Kings or myself. It would not be competent on the part of the province by mere acquiescence to change the interpretation which the privy council had given the statute.

Mr. EULER: It would not bind the individual.

Mr. RHODES: That question arose with respect to the Industrial Disputes and Investigation Act. There the privy council decided the jurisdiction to be in the provinces after the act had been in operation by the federal authorities for many years. To-day that act is still functioning by virtue of the provinces having implemented it by statutes of their own.

Mr. BEAUBIEN: Suppose I have a policy in an alien company that is doing business to-day under a provincial licence, but doing it illegally by not having procured the status that the Prime Minister said it should procure from the federal government, would I be all right?

Mr. RHODES: My hon. friend in that case would be taking his chances.

[Mr. Power.]

Mr. BEAUBIEN: Then if I insure my house with an alien fire insurance company, which is not registered and has not attained the status of which the Prime Minister spoke a little while ago, have I any protection at all as a policy holder in that alien company?

Mr. GUTHRIE: You have all the protection the company affords; but if a loss occurred and you put in a claim, you might have to prosecute your claim in the country where the head office of that company was established; you might find there was no deposit in this country to secure you. But you have a perfect right to insure.

Mr. RHODES: So long as the alien company does not solicit business.

Mr. CAYLEY: Two provinces have already licensed foreign companies. Would there be any protection for policy holders in cases of that kind?

Mr. RHODES: If the province has not required a deposit the individual insured will have to take his chances.

Mr. BEAUBIEN: Suppose this legislation is passed and these alien companies come here and establish their status through the federal government and then go to the province and obtain a licence to carry on business, as they are compelled to do by provincial legislation. If I take out a policy in such a company doing business in Manitoba, what protection will I have as a policyholder? Do these companies make deposits with the federal government in order to obtain that status, or how am I protected more than I am protected to-day?

Mr. RHODES: After this legislation is passed an alien company will not be permitted to do business in this country unless and until it makes the necessary deposit with the Department of Insurance.

Mr. BEAUBIEN: Does that deposit consist of a certain percentage of the business done every year in Canada, or how is it arrived at?

Mr. GUTHRIE: The deposit is based on the business done in Canada.

Mr. BEAUBIEN: Would the deposit be sufficient to protect the policyholders?

Mr. GUTHRIE: Yes. That does not apply to the mutual companies, whose deposits—which are specially provided for in these bills—are not solely applicable to Canadian business but are part of the general business in other

countries as well. That was a provision that was agreed upon; I believe the provinces and the dominion agreed that the mutual companies should make a deposit here, but in the event of the bankruptcy of that mutual company that deposit would form part of the general assets of the company in whatever country it was doing business; it would not be exclusively for the benefit of Canadian policyholders.

Mr. RHODES: The proviso just referred to will be found in section 14, at page 7 of the bill.

Mr. SPENCER: One of the reasons given by the minister why this bill should not go to the banking and commerce committee was that the committee is very busy at the present time. I may say that the work the committee had in hand is just about finished, and I do not know that there is anything on the agenda for us to proceed with, so we would be very willing indeed to take on this new work. I am never against the government if I think they are taking a forward step, but in this case I think they are taking a backward step. The minister has informed the committee that the Senate committee went through these bills very thoroughly, and he does not think it necessary to send them to the banking and commerce committee of the House of Commons. I find that in the first four pages of this bill several amendments have been submitted by the minister; if the same ratio applies throughout we will have no less than fifty-seven amendments, so I think the minister has shown in this way that the Senate has not done its work as efficiently as he has suggested.

Mr. NICHOLSON: Is it not a fact that if this bill were sent to the banking and commerce committee, under the general terms of the hearing that was held by the Senate committee, all those representatives of insurance companies, provinces and so on, who came here and spent so much time reaching a compromise, would have to be heard all over again? Are we not morally bound to accept the compromise which has been arrived at, unless we are prepared to have a rehearing of the whole case by a committee of this house? I was very much interested in the matter and consulted with the solicitors for the companies in which I am a policyholder, and I think I am fairly stating the fact when I say that the whole measure represents a compromise between the provinces, the companies and all concerned, in order that the situation may be met as adequately as possible. I feel that we should not refer this question to the banking and commerce committee unless we give these people an opportunity to return and state their case all over again.

Mr. CAMPBELL: To what exent, if any, is the principle of the power of the federal government to tax insurance premiums paid to outside companies involved in this bill?

Mr. RHODES: That is a matter for the budget; it is not affected by this bill in one way or the other.

Mr. CAYLEY: Reference was made to section 14 with regard to the securities guaranteeing the policyholders. I have been reading that section, and I find it very difficult to understand. Would the minister just tell me in plain language what securities these mutual or foreign companies are obliged to deposit?

The CHAIRMAN (Mr. MacDonald, Cape Breton South): We are only on section 3 as yet.

Mr. RHODES: Section 14 was mentioned in response to a question from an hon. gentleman opposite. If my hon. friend will permit me to do so I would prefer to give that explanation when we come to that section.

Mr. SPENCER: In reply to my hon. friend from East Algoma I would like to point out that the two houses of parliament act quite independently and do not lean on each other at all. Recently the Senate conducted an inquiry into the Beauharnois matter, and I noticed that wherever they saw fit they went into the matters that were under investigation by a committee of this house only a short time ago. I think it would not be in the interests of parliament if one house decided not to take any particular step because of certain investigations made by the other house. It is only right that the two chambers should be entirely independent, and I do not think we should simply pass this bill because the matter has been discussed by the Senate.

Mr. NICHOLSON: I do not want to infer that we are bound to accept what the Senate has done; I merely point out the arrangement which I believe was arrived at between the provinces, through their very eminent counsel, the insurance companies and the federal government.

Mr. COOTE: I do not want to press this point too far, but I think the fact that there are so many amendments to be proposed to this bill, as mentioned by the hon. member for Battle River, certainly indicates the wisdom of allowing it to go to the banking and commerce committee of this house. I

am a little afraid that the banking committee is losing caste, if I may use that term. Not long ago the Prime Minister said in effect that the banking and commerce committee was not competent to inquire into questions of banking, currency and credit in Canada, and to-day I think the Minister of Finance rather inferred that the committee was not as competent to deal with this act as the banking committee of the Senate. I do not think we should allow these aspersions, if I may call them that, to be cast upon our banking and commerce committee. It would expedite the business of the house and of the session if these three bills were sent to our select standing committee on banking and commerce.

Mr. RHODES: I will ask the Minister of Justice to move an amendment to section 2, the interpretation clause.

Mr. GUTHRIE: I beg to move that paragraph (n) of section 2 be amended by striking out the words "issued under the provisions of this act."

Mr. RHODES: This amendment has been suggested by the Department of Justice and I think it is to get away from the question of the business of insurance. As a matter of fact, policies are not issued under the provisions of this act, they are issued by the companies by virtue of their powers.

Mr. POWER: It means that the government admits it cannot control the business of the issuing of policies.

Mr. RHODES: That is within the jurisdiction of the provinces.

Amendment agreed to.

Section as amended agreed to.

On section 4—Registration required.

Mr. McKENZIE (Assiniboia): I was wondering why the words "save as hereinafter expressly provided" were included. The section would read all right without them.

Mr. RHODES: If my hon. friend will look at section 65 he will see that certain exemptions are provided for; this section has reference to that section.

Section agreed to.

On section 5—Filing of document copy of charter.

Mr. COOTE: Paragraph (c) reads in part:

(c) a statement in such form as may be required by the minister of the condition and affairs of the company on the thirty-first day of December next preceding, or up to the usual balancing day of the company.

[Mr. Coote.]

Is it intended to supersede or override the order in council passed last year authorizing insurance companies to value their securities at a previous date rather than at the date of the issuing of the statement?

Mr. RHODES: That would come under section 25.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Companies licensed under Insurance Act deemed registered.

Mr. SPENCER: I would suggest that the chairman read all the explanatory notes given for each section.

Mr. COOTE: Line 17 of this section reads, "such company shall have assets in Canada, for the purposes of this act." Does that mean that the assets must be held in Canada, and when a company is holding bonds, does it mean that a place will be designated where those bonds are to be kept in Canada, or does it mean that the company must have money invested in Canadian securities?

Mr. RHODES: The company must have securities lodged either with the minister or with a trustee approved by the minister.

Mr. ILSLEY: A few minutes ago we were discussing a section which was held to be beyond the powers of parliament. It provided that it should be unlawful for any alien company within Canada to solicit or accept any risk unless under licence of the minister granted pursuant to the provisions of the act. Section 4 of the present bill reads:

No company shall transact the business of insurance in Canada (save as hereinafter expressly provided) unless it is registered and holds a certificate of registry from the minister.

Why does the minister say that this section is within the powers of parliament while the old section was not? What is the difference in principle between saying that an alien company shall not transact the business of insurance unless under a licence issued by the minister, as was the language of the old act, and saying that no company shall transact the business of insurance unless it is registered and holds a certificate of registry from the minister, as is the language of this bill? The old section was clearly beyond the powers of parliament because it attempted to dominate the business of insurance, to use the words of the decision of the privy council. Does not this section attempt to dominate the business of insurance carried on by foreign companies in almost the same way? What is

the difference between the former alien company legislation and the present alien company legislation? I think the committee should have some explanation in this connection, as it is a question which suggests itself to anyone who studies the matter. The two provisions seem to be almost identical in principle; they both seek to prevent an alien company from doing insurance business in this country without a licence or without registration.

Mr. RHODES: If my hon. friend will look at the second paragraph of the preamble he will get an answer in part to this question. The powers referred to were enforced under the combined provisions of sections 11 and 91 and others of the old act. Section 91 and others have been dropped from the new bill, and there is no attempt being made to regulate the conduct of business.

Mr. ILSLEY: What did the old section 91 purport to do?

Mr. RHODES: It covered how policies were to be drafted, the payment of premiums, service in the militia, provisions with respect to lapsed policies and other matters which had to be put into the policy. That provision is dropped with respect to alien companies.

Section agreed to.

Sections 9 to 13 inclusive agreed to.

On section 14—Assets to be maintained in Canada by other companies.

Mr. CAYLEY: Would the minister explain this?

Mr. RHODES: This in effect represents a concession made, for the purpose of securing unanimity, to the New England mutual insurance companies, who stated that the very nature of their business, being mutual companies, precluded their segregating their assets and earmarking them as confined to Canadian business, because the cost of their business covering both sides of the line had to be spread evenly over the whole list of their risks. While I do not go so far as to say that the Department of Insurance take the position that they have made out a reasonable case, the effect is that this is the result of a decision reached by mutual agreement.

Mr. CAYLEY: Then they are granted certain additional favours, are they not? The section reads:

> Every company, other than a fraternal benefit society, registered under this act to transact any class of insurance business, other than life insurance, shall at all times maintain assets in Canada in respect of such class of business of an amount at least equal to the liabilities of the company in Canada.

Mr. RHODES: I do not quarrel with the statement made that this is the result of a compromise. Perhaps the position taken by the companies is not sound; they may be able to segregate their assets, but let me point this out to my hon. friend: if in time it is ascertained that the New England mutuals are not affording full and exclusive protection to their policyholders by depositing securities earmarked for Canadian business, they in the long run will suffer by reason of the fact that they will have their business diminished, and they may in time reach the point where they will have to have their assets in Canada earmarked for their Canadian business.

Mr. CAYLEY: The minister spoke of a compromise. Did it include other companies than the mutual ones referred to? Were they quite agreeable to this?

Mr. RHODES: Of course the mutuals and reciprocals would be the only ones that would be immediately concerned with this, but no doubt each of the companies would have to make some concession. It may be said that the provision as it now stands meets with the approval of all the companies.

Section agreed to.

On section 15—Securities permissible.

Mr. COOTE: Would the minister explain just what deposits these companies are required to make? Is this simply an initial deposit to enable them to carry on business in Canada? If anything further than that is intended, at least a percentage of the deposits should be made out of Canadian securities. Some of the securities specified in the section are foreign.

Mr. RHODES: The answer to my hon. friend's question will be found by reading sections 12, 13 and 14, which have just been passed, providing the basis upon which the assets in Canada are maintained and allocated.

Mr. CAYLEY: The provision reads "maintain assets in Canada." Does that mean that they must have them on deposit with the department?

Mr. RHODES: Have them physically on deposit in Canada, either with the minister or with trustees approved by the minister.

Mr. EULER: The Minister of Justice a moment ago made, I think, a remark to the effect that the mutual companies did not make deposits in the same way as do the regular companies.

Mr. GUTHRIE: This is the clause.

Mr. EULER: I was going to base my question on that statement. Are the foreign mutual companies placed in exactly the same category as the Canadian mutual companies with regard to the amount of deposits they have to make?

Mr. RHODES: If my hon. friend will look at subsection (2) of section 8, he will get the answer to his question.

Mr. EULER: They are on the same basis, are they?

Mr. RHODES: No. It reads:

—shall not be required to make the deposit required to be made under the provisions of the next preceding section in respect of a certificate of registry—

And so on.

Mr. EULER: The Canadian mutual companies, I take it, have to make a deposit. Do the foreign mutual companies have to make a similar deposit, or what distinction is there, if any?

Mr. RHODES: The Canadian mutual company has to make an initial deposit of $50,000 with the superintendent of insurance. The foreign mutual is not required to make that deposit unless it chooses voluntarily to do so. With that exception the securities that have to be deposited are precisely the same in both cases and cover the amount of business they write.

Mr. EULER: That leads to another question. Why has the Canadian company to make a deposit of $50,000 while the foreign company is excused?

Mr. RHODES: I cannot give any better answer to my hon. friend than to say—

Mr. EULER: It has always been done.

Mr. RHODES: It has been done, and apparently is part of that give-and-take arrangement which resulted in all parties agreeing to this bill.

Mr. EULER: It looks like discrimination.

Mr. RHODES: Yes; I quite agree with my hon. friend.

Mr. CAYLEY: I might just read this explanation that I find:

To have made a deposit with the dominion authorities would have been unfair to our other members located in the States because it would constitute a segregation of a part of our assets for a particular group of our policyholders, creating an obviously unmutual situation.

[Mr. Euler.]

Mr. RHODES: That is their position, but I do not know whether it could not be attacked.

Mr. CAYLEY: It does not sound healthy. Coming back to section 14, I see there have to be certain words stamped on the policy in red ink. What is the object of that?

Mr. RHODES: That is designed for the full information of the policyholder, who shall know, when he gets his policy, by reading the lines in red ink—

Mr. CAYLEY: He knows his danger.

Mr. RHODES: The words are printed in red ink across the face of the policy. That indicates to him that although this mutual company has deposited securities, they are not earmarked exclusively for the Canadian business, but are to be pooled for the common advantage of the company as a whole.

Mr. CAYLEY: That is, he is accepting this policy at some risk?

Mr. RHODES: Yes. He certainly is not in as good a position as the man who insures in a Canadian company where the assets are earmarked in Canada for his protection.

Mr. CAYLEY: What is the difference between a company and an exchange?

Mr. RHODES: If my hon. friend will look at the interpretation clause on page three of the bill, he will see that exchange is defined as follows in paragraph (i):

"Exchange" means a group of persons formed in any foreign country for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other through the same attorney, where the principal office of the exchange is in a foreign country.

Mr. COOTE: I should like to ask the minister whether there is some provision elsewhere in the bill as to the class of securities which, under section 12, companies must maintain in Canada.

Mr. RHODES: My hon. friend will find the answer to his question in section 20, subsection 2, as follows:

The assets which may be so vested in trust for the purposes of this act shall be bonds, debentures, stocks and secured loans of the classes authorized in that behalf in schedule I to this act, having regard to the class or classes of insurance business in respect of which the assets are so vested in trust.

Then at page 29, under schedule 1, my hon. friend will find the assets which may be vested in trust for the purposes of this act, including:

(a) the debentures, bonds, stocks or other securities of or guaranteed by the government of the Dominion of Canada or of or guaranteed by the government of any province of Canada; or of or guaranteed by the government of the United Kingdom of Great Britain and Northern Ireland, or of any dominion, colony or dependency thereof; or of or guaranteed by the government of any foreign country, or state forming a portion of such foreign country; or of any municipal or school corporation in Canada, or elsewhere where the company is carrying on business; or guaranteed by any municipal corporation in Canada;

And so forth. Then under (b) are included the bonds of any corporation secured by a mortgage; debentures; the preferred stocks of any corporation which has paid regular dividends upon such stocks for not less than five years preceding, with certain provisos; common stocks, with certain provisos; real estate mortgages.

Section agreed to.

Section 15 agreed to.

On section 16—Further deposit if value declines.

Mr. EULER: Who makes the valuation, and on what basis is it made? Can it be made arbitrarily by the government as was done in the case of the securities of insurance companies?

Mr. RHODES: No, the valuation is made by the superintendent of insurance.

Mr. EULER: On the basis of the market value?

Mr. RHODES: He follows the market values as published from day to day in the security lists, which are a matter of common knowledge.

Mr. EULER: I was hoping that the valuation would not be made on the same basis as the arbitrary valuation made by the government, by order in council, of the securities of insurance companies.

Mr. RHODES: We will discuss that point a little later on, perhaps.

Mr. COOTE: Are any steps taken to notify the public if the minister withdraws the certificate of registry under subsection 2?

Mr. RHODES: Certainly the public would be notified by the insertion of an advertisement in the Canada Gazette.

Section agreed to.

Sections 17 to 24 inclusive agreed to.

On section 25—Valuation of security.

Mr. COOTE: I asked the minister before whether the provisions of this act will override the order in council passed last year.

Mr. RHODES: I think it would be a correct answer to say to my hon. friend that the order in council had reference only to the transaction as it resulted last year. It would have no bearing on the valuation of securities for the purpose of another year. For the purpose of another year we would have to conform to the provisions of this act.

Mr. COOTE: The order in council applied only to the one annual statement?

Mr. RHODES: To that one annual statement, yes.

Mr. COOTE: Under subsection 2 it would look as if the government might authorize the same thing in any year.

Mr. RHODES: It would be quite competent for the government to authorize similar procedure to take effect another year if it were thought desirable.

Mr. GARDINER: Would the minister explain just why it was necessary to value those securities in that way at a time like this, giving a false impression to the public as to the value of the securities held?

Mr. RHODES: I am satisfied in my own mind as to the necessity of the procedure. I do not know whether I can make it clear to my hon. friend, but I will try.

Contracts of insurance carry on into the future, covering a period of years. We must assume that normalcy or something approaching it will prevail sooner or later, and that the absurdly low valuations which now obtain for securities heretofore known as impregnable, gilt-edged, will not continue. If a company had to meet all of its obligations to-morrow, such a procedure would not be justified, but inasmuch as it does not need to meet all of its obligations to-morrow, but has to meet them perhaps ten, fifteen or twenty years hence, it has been universally regarded as proper and fitting not to value the stocks at their market price under panic conditions, to meet obligations which will mature in what might be called fairly normal conditions. The action taken by the government last year was precisely similar to the action taken with respect to insurance companies in every state of the American union. Precisely the same thing was done during the war. If it had not been done at that time several insurance companies would have become insolvent, whereas after the war, and when things had come back to what we thought were normal conditions, the securities of these companies rose to a point which afforded not only security but an ample margin of safety for the policyholders. I do not believe I can

add anything to the statement that I have just made, except to say I do not think it is in the interests of the company alone that such action should have been taken under the conditions prevailing; it is in the interests especially of the policyholders of the future.

Mr. POWER: The real reason for it is that a large number of persons are interested in the company and some of these companies are large corporations. That is about the only justification. If a private individual attempted to value his assets on a basis other than their real market value the bank would throw him out; but a large company which owes millions or hundreds of millions in obligations, the failure of which would involve difficulties for a very large number of persons, is allowed, by common consent, I suppose, to get away with it.

Mr. RHODES: I do not subscribe to the point of view expressed by my hon. friend from Quebec South. Many of these companies are purely mutual and are the property of the policyholders. The question of profit to individuals or corporations does not arise at all. I think I can illustrate in part what I have in my mind by referring to bonds of the Dominion of Canada. In Canada to-day there are bonds selling in the eighties, but we are perfectly certain that when those bonds mature the holders will receive one hundred cents on the dollar. That same statement is true with respect to assets of a similar character held by insurance companies. To-day they are worth, we will say, eighty cents; but when they mature they will be worth one hundred cents on the dollar.

Mr. EULER: Stocks never mature.

Mr. RHODES: So, when the assets of these companies are called upon in future years, at such time securities will be worth an amount sufficient to provide the necessary funds to meet the obligations of the company.

Mr. EULER: I find it very difficult to believe it is ever right to say a thing is worth what it is not. That holds true in connection with securities held by the insurance companies. There is force in the remarks of the Minister of Finance when he speaks of government bonds which we hope will be paid in full at maturity. That may apply also to bonds of some very good companies. I say to him, however—and I think every hon. member will appreciate this—that there are gilt edged bonds of first class companies in this country which have depreciated exceedingly in value, and it is doubtful whether they will ever again reach the values they had when they were purchased. I think my statement in that regard is correct. While I might make some exception with regard to bonds which come to maturity and are supposed to be paid at par, it is entirely different when we consider common stocks, which never come to maturity. I say, without fear of successful contradiction, that many of the common stocks of Canada which at one time were regarded as high class securities and good value will never again go to the prices at which they were purchased. That statement applies to preferred stocks as well. That being so, I cannot approve of a practice, well intended as it may have been, which says a thing is worth something more than its true value. Such a practice must result in destroying confidence, if the condition I speak of actually comes about.

While I am on my feet may I say that I have not had the opportunity of reading the bill, and I doubt whether hon. members have read it. The funds of insurance companies and especially those of life insurance companies, are trust funds. I do not think it should be possible, and it should be illegal, for them to invest in common stocks, which, after all, are highly speculative. A few years ago a peculiar anomaly existed in the Insurance Act. Fire insurance companies, which are not custodians of trust funds, were precluded from investing in anything but mortgages and bonds. Those were the only classes of securities in which fire insurance companies could invest, although the moneys in their possession were not trust funds. If a fire insurance company went to the wall the worst that could happen to the policyholders would be the loss of premiums; they could reinsure in other companies. In connection with life insurance companies, however, there is a different situation. In those companies there are the funds of widows and orphans, or prospective widows and orphans. If those funds are lost in common stock investments the result is serious. I do not know whether there is any provision in the bill bearing on the matter, but I suggest the government would do well to bring in a regulation making it impossible for life insurance companies to invest in common stock.

Mr. RHODES: The views of my hon. friend are entitled to, and so far as I am concerned always receive, the utmost consideration and respect. I do not, however, entirely agree with him in his assumption that the power of valuation is responsible for the placing of values which leave false impressions, in other words false valuations. If it were a question

of valuation for the purpose of meeting an obligation at the moment, I would say he is correct; but such is not the case. Under panicky conditions one places valuations upon securities bearing in mind the fact, as I said before, that the obligations of the insurance companies are to be met in years to come. If we loaded down insurance companies with obligations which would require them to hold securities to such an extent as to be able to meet panic conditions, we would be placing a dead weight upon them which would prevent them from engaging in the insurance business at all, and thereby we would deprive tens of thousands of people of opportunities for protection. A long period of years would elapse before companies could pile up resources sufficient to meet such a strain.

I should like to direct a few remarks to the second point mentioned by my hon. friend, namely as to whether or not insurance companies ought to invest in common stocks. I am not disposed to quarrel with my hon. friend; the point he has raised is arguable. In my own mind I am disposed to agree with him. In this connection we are in a position to indicate how necessary it is that policyholders have the protection of a governmental department. When the old insurance bill was before parliament the superintendent of insurance suggested a limitation upon the amount of money insurance companies could invest in common stocks. Parliament, in its wisdom—and I am not finding fault—overrode his judgment, and opened up a situation under which insurance companies could invest largely in common stocks. To the extent that insurance companies have been prejudiced and their financial positions jeopardized by their having invested too largely in common stocks, parliament must take its full share of responsibility. Upon a later occasion the superintendent of insurance sought to protect the policyholders, and to prevent large investments by insurance companies in common stocks.

I might point out to my hon. friend that in this bill we have included a very drastic provision as regards the practice which has hitherto obtained. I do not think it would be possible—certainly not at this stage—for us to say that a company shall not have investments in common stocks. My hon. friend must recall that not long ago we were confronted with a condition which disclosed that some of the life insurance companies have extensive financial investments in common stocks. Were we under present conditions to force those companies to dispose of their holdings, we would not be doing either them or their policyholders a good service.

Mr. EULER: Yes, but it should not go on in the future.

Mr. RHODES: Quite so. If my hon. friend will look at page 32 of the bill he will find a limitation to be imposed upon insurance companies as to the amounts they may invest in common stocks.

Mr. POWER: I am not prepared to agree with my hon. friend from North Waterloo that there is anything detrimental in investments in common stocks, as such. Many common stocks are first charges upon the assets of companies, and offer as good and as safe a field for investments as do debentures, bonds or preferred stocks of other companies. I am not prepared to go as far as my hon. friend from North Waterloo and urge upon the minister the advisability of any limitation whatsoever upon investments in common stocks. I would urge upon him, however, at all times, or whenever statements have to be made by a company, to let the public know the true position of such company. No argument of the minister, much as I respect his views, will induce me to believe that for the government of Canada to issue a certificate that a company holds assets to the value of so many million dollars, when in fact it holds assets materially less, is good practice.

Mr. CAYLEY: Will the hon. member tell me how he would establish the value of an asset for which there is no market?

Mr. POWER: At least for the assets for which there are markets—common stocks, bonds, debentures and preferred stocks—we should force the companies to place values upon them which they have in the stock and bond markets of the world.

Mr. CAYLEY: I do not think my hon. friend understood me. This is a peculiar time when many stocks are not being traded, and I fail to understand how a value could be established.

Mr. POWER: Most of the stocks which these companies hold are stocks being traded on the markets of the world, and were purchased at very high values. The minister has referred to a return to normalcy. So far as the values of those stocks are concerned, we are closer to normalcy to-day than we were at the time of their purchase. I agree with the hon. member for North Waterloo that in many cases there is no possibility, during the lifetime of the present generation, of obtaining the values which were placed upon stocks when they were purchased.

Mr. RHODES: I do not wish to enter into a debate with my hon. friend from Quebec South (Mr. Power) whose opinions I respect very much, but when he says that stock prices to-day represent normal value, let us admit for the sake of argument that his contention in that respect is right. I say there are still bonds of the municipalities, the provinces and the dominion, and of other countries, including Great Britain itself, which are selling away below par. He would not say that that is normal?

Mr. POWER: No, I am not sure the hon. Minister of Finance is right. If some of my hon. friends in the corner were perchance to come into power they might cut the interest on these bonds. I have heard some of them say that the wages of capital are too high, and I am rather inclined to agree with them. I do not know but what we might perhaps support such a contention.

Mr. COOTE: Hear, hear.

Mr. ILSLEY: They certainly would inflate the currency.

Mr. POWER: Yes, and if so—

Mr. RHODES: If they inflated the currency we might not require this valuation.

Mr. EULER: In our sister dominion of Australia the interest on the national bonds has been arbitrarily reduced.

Mr. COOTE: By law.

Mr. EULER: Yes.

Mr. RHODES: This is not in point, but I think my hon. friend's information is not quite correct. The Australian government called upon the holders to take a lower interest rate, but they only did that in regard to their nationals, not foreigners.

Mr. WOODSWORTH: If I understand aright, for some time past the superintendent of insurance has had the power to value bonds and debentures, but this is quite a new departure that we should include power to evaluate stocks and other securities. It would seem to me that this proposal is in a class by itself. As I understand, one particular insurance company got into trouble by investing very large amounts in stocks, and under the special legislation secured by the government last year for the "peace, order and good government" of the country that particular company was able to make returns in such a way that it failed to show the real position of its investments. What was done last year under that special legislation is now to be made possible under this proposed legislation; and although it is general in character, I take it in reality it is to help out one particular company. I do not know how the superintendent of insurance, cautious though he may be, is going to be in a position to say where stocks will be a few years hence. It is all very well for the minister to take the ground that one of these days we shall return to something like normalcy. As he knows very well, some of the most eminent economists are of the opinion that there is going to be no such return. In that event there is misrepresentation of the real affairs of the company. I would urge that the minister be satisfied with the present legislation and eliminate the words "stocks and other securities", leaving the act in this regard as it was before.

Mr. RHODES: I cannot agree with my hon. friend from Winnipeg North Centre (Mr. Woodsworth) that the provision arises because of the position of one insurance company. On the contrary, it was required in the general interests of all the companies, and I may say it was welcomed by all of them in precisely the same way as it was in the United States, where the same practice obtained. The practice obtained in Canada during the war. My hon. friend is labouring under the assumption that this authority rests with the superintendent of insurance. If he will examine the bill he will see that the authority rests in the minister. That may not afford any degree of additional protection so far as my hon. friend is concerned, and I do not present it for that purpose, but simply to emphasize ministerial responsibility and to remind him he should be accurate in his facts.

As, Mr. Chairman, it is not proposed to go on with these bills this evening, and as we have private bills between eight and nine o'clock, I move that the committee rise, that Bill No. 66 be reported, and that with respect to the other two bills the committee report progress and ask leave to sit again.

Mr. COOTE: With regard to the discussion as to the market price of Dominion of Canada bonds, I think the policy of the present government is responsible for their low price on the market to-day. If we had a Progressive government in power we would restore the prices of those bonds. I should not like the committee to remain under any wrong impression as to the reason for the low price of our bonds at the present time.

Bill No. 66 reported.

Progress reported on Bill No. 67 and Bill No. 68.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

DEPARTMENT OF JUSTICE

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

Royal Canadian Mounted Police: pay of force (including salaries of two constables, Ellesmere Island district, at $2.25 per diem, to insure department against loss through death), $1,740,595.75.

Maintenance (including subsistence, billeting, travelling expenses, forage, fuel and light, clothing, repairs and renewals, horses, ammunition, stationery, etc., medical, hospital, etc., transportation and freight, building repairs and renewals, establishment of new detachments, contingencies and criminal investigations), $1,964,000.

To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $10,000.

To assist in the enforcement of federal statutes (expenditure chargeable to this vote shall be in connection with such federal police duties as may be defined by the governor in council, upon recommendation of the Minister of Justice), $75,000.

To provide for special services in connection with the enforcement of the Opium and Narcotic Drug Act, $50,000.—Total, $3,839,595.75.

Mr. WOODSWORTH: Does this include the salaries of the commissioner and the assistant commissioner whose appointment was recently arranged for?

Hon. HUGH GUTHRIE (Minister of Justice): It includes the salary of the commissioner, but there will be a slight increase in respect of the deputy commissioner who is to be appointed under the bill recently passed.

Mr. WOODSWORTH: What is the salary of the commissioner?

Mr. GUTHRIE: It is $12,000.

Mr. WOODSWORTH: Does the commissioner receive any pension?

Mr. GUTHRIE: No, not while he is drawing a salary.

Mr. WOODSWORTH: There is another matter about which I should like to ask, which we had up in the house to-day, that is with regard to men who are threatened with deportation. I think the Royal Canadian Mounted Police are concerned in this matter as well as the Department of Immigration. I have the following wire dated May 2 from Abrahamson and Greenberg, Confederation Life Building, Winnipeg:

Daniel Holmes (Chomicki), aged thirty-four, in Canada with parents and brothers and sisters twenty years, with Canadian wife and child, no police record; and Konrad Cessinger, single, unnaturalized, in Canada five years, no police record; and Orton Wade, believed Canadian born, arrested by R.C.M.P. authorities within last twenty-four hours. Authorities refused to produce to us warrants and deliberately misled and delayed us in obtaining redress. Advised by assistant commissioner Field, R.C.M.P., that all three men left by train east to-night for deportation purposes. Immigration commissioner Smith denies all knowledge of the matter and says same not dealt with by his department. Neither Mrs. Holmes nor anyone else advised prior to departure of above mentioned persons. We would appreciate it if you would make inquiries regarding this as we consider it an outrage and a breach of the regulations laid down in the Immigration Act. Would urge that this be introduced on floor of house as this should not be allowed to remain as a precedent for the R.C.M.P.

I notice that in the last two Winnipeg papers to reach Ottawa quite considerable prominence is given to this case. From what I can learn it would seem that these men are suspected of being closely connected with the communist organization, but no charges were laid against them, and when their counsel instituted habeas corpus proceedings they were unable to carry them through because the men had already left. According to the press, legal opinion seemed in doubt as to whether habeas corpus proceedings could be carried on, because the men had left the province.

As I am advised by this wire, these men have been in the country for quite a long time —one for twenty years. According to one of the Winnipeg papers he had tried to secure naturalization but was unable to do so. This makes the case look peculiar. Further it seemed to me a strange proceeding, when I telephoned the Immigration department, that I should be told by the official immediately in charge that he could give me no information at all about the matter but that I would have to ask the minister. When I interviewed the minister over the telephone I was told that the matter had not yet come to his attention. The circumstances are rather curious, and as I am inclined to think the matter must rest very largely with the mounted police, I am bringing it up to-night. I take it from what the Minister of Immigration said this afternoon that this must be considered typical of other cases. This case concerns me, however, since it has to do with Winnipeg men.

I do not think we in this house are concerned with whether or not these men are communists. That is not the reason I am raising the question. If they are communists, and if the decision given by the court of appeal stands, I presume it is possible to bring them up for trial as communists and to

deport them. But my contention is that there should be a trial. I do not think men should be deported from this country simply after an investigation by the Immigration department. As residents of this country for a considerable number of years certainly they ought not to be deported without a full, fair trial.

I should like to ask the minister several questions. First of all, were any specific charges laid against these men? Again, under whose authority were they transferred from Winnipeg to some eastern point? I should like to know where they are now and before whom they are to be tried. It seems to me that an important principle is at stake. If I understand anything at all about British legal practice, even the worst criminal has a chance to make his defence and is given a fair trial. I cannot understand this procedure at all. I hope the Minister of Justice, under whose direction the Royal Canadian Mounted Police seem to be acting, can throw some light upon the matter.

Mr. GUTHRIE: Under the act the Royal Canadian Mounted Police, among other things enforce federal laws, and they act under the instructions of any department that may seek their services. In the case just stated by the hon. member for Winnipeg North Centre, the instructions to the police would come from the Department of Immigration. The police respond when they are informed by the department that their services are required. I have nothing to do with the instructions given; in fact I had not heard of these cases until to-day.

The immigration laws of this country are on the statute books, and have been unaltered for many years. I have never heard of their being abused, although they have been criticized. An action taken under the immigration laws is not like a trial of either a civil or a criminal action. When my hon. friend says that these men must have a trial, the trial which he speaks of is an investigation which will take place under the provisions of the law of this country which we are all supposed to know and to obey. The men were taken into custody at the request of the Department of Immigration in Winnipeg, and I understand that the board of investigation which is to consider their cases will meet in Halifax, when a number of cases are to be considered. When the board is constituted it hears the case and then makes its report to the department; the minister of the department reviews the finding of the board, and if he finds that the Immigration Act of Canada has been contravened he can, in certain cases, order deportation. I pass no opinion whatever upon these cases, because I know nothing about them save what I have heard yesterday and to-day. I think I can assure my hon. friend that the law has been carried out, at least by the police. They are very careful and exact in practically everything they do; there may at times be exceptions, but, generally speaking, they are a force upon which we can depend to the utmost, and we are always inclined to believe their proceedings to be very regular.

Mr. WOODSWORTH: The Minister of Justice will understand that I am not in any way blaming the mounted police for carrying out their instructions. I do not know sufficient about these cases to be able to say whether or not the men in question have violated the immigration laws, but it is rather unusual that I should be unable to obtain any information from the Immigration department.

Mr. GUTHRIE: I think the minister would give every detail sought by my hon. friend if he asked for it. I know he is not backward in furnishing information.

Mr. WOODSWORTH: I appealed to the officer immediately in charge and he told me I could get the information only from the minister. When I apply to the minister he tells me he does not know anything about the case.

Mr. GUTHRIE: At that time he probably did not know very much about it, but I feel certain I can obtain the details from the minister, and I will help my hon. friend if he desires.

Mr. WOODSWORTH: What I am particularly interested in to-night is not the guilt or otherwise of the men, but the procedure adopted in these cases. The minister is an able lawyer; I am only a layman, I should like to know from him if men can be arrested in Winnipeg, without any charge being preferred against them and transferred to Halifax to be tried.

Mr. GUTHRIE: If, in the opinion of the Immigration department, men liable to deportation are not desirable subjects of this country, they may be taken into custody pending an investigation of their case. There have been many such investigations, but it does not follow that in every case deportation has followed. I assume the investigation is fairly conducted under the provisions of the law; I have not heard of any cases of hardship, nor have I had complaints of maladministration of the act. I assume in these cases

the law has been complied with. If the men to whom my hon. friend refers have committed acts which render them liable to deportation, I have no doubt the provisions of the law will be carried out. If they have not, I do not think they have much to fear, outside of perhaps being put to some inconvenience.

Mr. BROWN: I have received a wire from Winnipeg in connection with these cases, and the statement is made that the arrests were carried out under the warrant of W. J. Egan, who, of course, is the Deputy Minister of Immigration. It may be that the procedure adopted is in harmony with the immigration law, but it certainly is not in harmony with what we understand to be the principle of British justice. There men have been arrested in Winnipeg and spirited away to Halifax; sentence has virtually been pronounced upon them in that they have been taken from their homes in Winnipeg and sent down to Halifax for deportation. Surely the minister will agree that it would be infinitely more in harmony with justice to have had these men detained in Winnipeg until an investigation could be made. They will have no opportunity of bringing witnesses to their defence in Halifax; the only evidence offered at Halifax will be that submitted by their accusers. In the very nature of things these men will not be able to secure witnesses. I am not disposed to defend those who violate the laws of our land; people who come here from Great Britain or from European countries should come prepared to obey our laws. Holmes, one of the men in question, came to Canada twenty years ago, married a Canadian girl and has a child. Surely if he has not previously come under the cognizance of the police he should be entitled to that measure of fair play which would hold him in Winnipeg instead of his being sent to Halifax to have his case reviewed there.

Mr. GUTHRIE: There may be a good deal in what my hon. friend says, but he is one of the old and experienced members of this house and I have heard no complaints against this law since it was put upon the statute book.

Mr. BROWN: It is only when abuses occur that such matters are brought to our attention.

Mr. GUTHRIE: The act gives the department the right to hold boards of inquiry where they see fit, and I gather from what the Minister of Immigration has said that this board is being held in Halifax to suit the convenience—

Mr. YOUNG: Whose convenience?

Mr. GUTHRIE: The convenience of the department, I take it, and the shipping company. This board is to hear other cases besides the one under discussion. All these matters are taken into consideration when deportation proceedings are being conducted. In the past, boards have been held at Quebec and other points in Canada. Generally speaking, I agree that it is a good thing that a man should be heard in his own province, but that is not the law at the present time in regard to immigration. The minister is only carrying out the law as it appears on the statute books.

Mr. BEAUBIEN: There is nothing in the law that tells him to take a man direct to Halifax to be tried there.

Mr. GUTHRIE: He has the discretion to fix the place.

Mr. BEAUBIEN: The minister has made the statement that the men would be given a fair trial before being deported. Does he really think that a man can get a fair trial when he has been arrested in Winnipeg and taken to Halifax away from all his friends?

Mr. GUTHRIE: I am assuming that a man can get a fair trial in any part of Canada.

Mr. VENIOT: No, he can not.

Mr. GUTHRIE: If any serious reason is urged by these men to show that they cannot get their evidence, or that they have not money to obtain evidence, it is taken into account by the board. There is no railroading of cases; there will be a fair investigation and a fair finding.

Mr. BEAUBIEN: Supposing a man wants to bring a witness from Winnipeg to justify his being in Canada.

Mr. GUTHRIE: Does my hon. friend say that he cannot do that?

Mr. BEAUBIEN: I admit he can do it, but why should the officials of the Royal Canadian Mounted Police put the country to the expense of bringing witnesses such a distance when the trial might just as well be held where the man has resided for many years and has friends who can testify on his behalf?

Mr. GUTHRIE: It might be cheaper to gather them all in one place.

Mr. BEAUBIEN: I am speaking of the witnesses necessary to give the man a fair trial. Does the minister contend that the country is to be put to the expense of bringing witnesses from Winnipeg, where the man

has resided for some time and where people know him best, to Halifax in order that he may have a fair trial? Surely the minister cannot justify that on the program of economy laid down by the government.

Mr. GUTHRIE: This discussion started on the ground of the man's having a fair trial. Now when that is disposed of, the question is raised as to the expense. I do not know what arrangement the Department of Immigration makes in regard to expenses, but I can guarantee the investigation will be fair and the man will not be under any expense.

Mr. NEILL: Is it not a fact, if a man is charged with a criminal offence under the ordinary criminal code and it is desirable for some reason to transfer the trial to another area, what is called a change of venue, that permission for the change must be granted by a supreme court judge? If I am right in saying that such is the practice, it would suggest that the accused's rights are safeguarded in that particular way. Would it not be a good thing if the same course obtained in such a matter as that now under discussion?

Mr. GUTHRIE: It might be. I am not justifying taking men out of their own provinces for the purposes of these investigations. Under the provincial law, a change of venue is usually subject to the judgment of some provincial court; they decide these matters, but there is nothing of that in the Immigration Act.

Mr. BROWN: I fully realize it is not the Minister of Justice who is involved in this case; it does not come under his department. It is the Department of Immigration that is at fault, if there be any; but this seems to me the only opportunity we have at the moment of bringing up the matter. I think the minister will agree that if this procedure is sanctioned by the immigration law, it is pretty nearly time that law was changed.

Mr. GUTHRIE: That may be.

Mr. WOODSWORTH: As having a bearing on this, I might mention a similar case before the public at present. This is from the Ottawa Citizen of May 5:

> Mystery surrounds the whereabouts of Arvo Vaara, editor of the Finnish Daily Vapaus at Sudbury, and Martin Parker, translator. The two men were arrested when police raided the newspaper office yesterday, bundled into a large automobile with five plainclothesmen, and the car left immediately, heading south.
>
> To-day the Royal Canadian Mounted Police at Ottawa said the raid was carried out by the provincial police, while the Ontario provincial police headquarters here said that they "had no report."
>
> "Have you any idea where the men were taken?" Inspector Alfred Cuddy of the provincial police, was asked to-day.
>
> "Not the slightest. We have no report on them," he replied.

Apparently these men were spirited away from Sudbury. Somebody near me suggests they were kidnapped. I do not say that, but it is extraordinary if men can be taken in this way, seemingly without any charge being made. I am not defending this man Vaara, who is a communist and who may have got into trouble, as I understand he did several years ago, but I think he ought to have received a trial. The Minister of Justice may tell me not to take the newspapers too seriously, but apparently it is only through the press that we can get information concerning these matters. This is a Montreal despatch of May 6, which appears in this evening's Ottawa Citizen:

> Arvo Vaara, communist editor of the Finnish Daily Vapaus of Sudbury, who was arrested in a police raid on the newspaper, will be deported, Col. W. H. Price, Ontario attorney general, said here before sailing abroad the Canadian National liner Lady Somers for a vacation in the West Indies.
>
> He replied in the affirmative.
>
> "Will he be sent from Montreal by any of the liners leaving to-day?"
>
> Mr. Price said that he did not think so as it would likely take several days to have the deportation papers arranged.
>
> "This man was in trouble three times for statements derogatory to His Majesty," Mr. Price added. "Now he has been going too far again and we are certainly not going to put up with violence."
>
> Mr. Price added that it was essential to protect Canadians and that reds who incited to violence would be sent out of the country.

I have no objection to deporting any foreigner who incites to violence. I suppose that is the only course for the country to take. But what I should like to ask is this: Has the man had his trial? On whose authority does Mr. Price say that he is to be deported? Mr. Price, as an official, may have very good grounds for knowing something about this man, but the accused has not yet had a trial, or if he has had one, it was very short, because apparently he was arrested only yesterday. Now he is in Montreal and I presume he may be on his way to Halifax. Before we can learn anything about the matter, the attorney general says that the man is to be deported. I do not know what kind of attorney general they have in Ontario who sentences a man before he has a trial. I do not know if that is what the minister calls a fair trial, but when such things are happening we ought to have a fuller explanation of the situation than we have yet had

from the Minister of Immigration or the Minister of Justice. Can the minister give us any information about this despatch?

Mr. GUTHRIE: I again tell my hon. friend that he takes too much for granted from the newspapers. If he asks what authority Colonel Price had for saying this, that or the other thing, I do not know what he did say. All I know about this is what I read in the Ottawa papers this morning. I understand what took place at Sudbury occurred under instructions of the Attorney General of Ontario and was carried out through the provincial police, although I have been informed that some of our police were called in to assist. We have not as yet any report on the matter.

Mr. WOODSWORTH: What will be the procedure now?

Mr. GUTHRIE: I would gather from the newspaper report that Colonel Price thinks this is a proper case for deportation. If it is, he will have to follow the provisions of the Immigration Act, which provides for an investigation and a report to the minister before a man can be deported.

Mr. McKENZIE (Assiniboia): In the first remarks the minister made, he spoke about a board of inquiry at Halifax that was to inquire into this case. Will he give the committee more information about the board? Are its members permanent officials of the department? How and by whom are they appointed or selected?

Mr. GUTHRIE: Some of them are permanent officials. I think they are all selected by the minister. I have not the Immigration Act before me, and I am not familiar with it.

Mr. McKENZIE (Assiniboia): Do they go from place to place as they are required?

Mr. GUTHRIE: I fancy they go from place to place as they may be required, but there are at the various ports permanent officials who are asked to act in these cases.

Mr. GERSHAW: I notice this appropriation includes $50,000 for services in connection with the administration of the Opium and Narcotic Drug Act. I am aware the officers have done splendid work during the past few years in controlling the sale of banned drugs in this country. I notice the appropriation has been reduced by $10,000. Is the department doing anything in the way of providing treatment or special hospitals for drug addicts?

Mr. GUTHRIE: No. The Justice department takes no part in the provision of hospitals or treatment. I would think that would be a matter rather for the provinces than for the federal government. It may be that the Health department gives some grant or does something in the matter, but if so it is not within my knowledge. This vote is merely to cover the expenses of the mounted police in running down traffickers in narcotic drugs. I am inclined to think from my experience in the Justice department, and also in the courts of the country before I came to the department, that the drug traffic is not on the decline in Canada. Case after case comes from all parts of Canada. There were three this afternoon, all from British Columbia. There are a great many cases, far too many, and the department and the police are using their best endeavours to check the traffic as far as possible. Whether or not it is possible absolutely to abolish it I do not know. It is very difficult to run down these drug traffickers, and it is an expensive part of our work. Evidently they are well financed and are able to obtain very good legal counsel when they come up for trial. I have no doubt that there is a strong financial ring behind the traffic as it exists in this country and also in other countries. The mounted police expend a great deal of effort under this particular item, but it was thought that we would try to get along with $10,000 less than was appropriated last year, not because the traffic has decreased, but because of the need for economy.

Mr. GARLAND (Bow River): May I for a moment revert to the subject under discussion a few moments ago, the question of the seizing of individuals by the police and their removal, with an expedition almost unequalled outside of Russia, I take it, down to some distant province or port in this country. I would ask the minister first of all whether action of that kind does not deprive the individual of the opportunity of having his counsel apply for and effect habeas corpus. Secondly I would ask the minister, if he can, to justify the action that has been taken. I do not think as a matter of fact that I have yet heard even an attempt to justify it. The minister did suggest that under the Immigration Act anyone who felt aggrieved might be able to take appropriate action to have investigation. I have at the moment no complaint to make of the administration of the act in the past. I have on several occasions had to deal with the Department of Immigration, both to have men deported at

their own request and to have deportations stayed. Two years ago I succeeded in having four families deported, at their own request, from the mining areas in Alberta. Last year I succeeded in having some six deportations stayed, but in every one of the six cases the deportation proceedings were commenced while the persons were still in the place where they had resided in Canada. They had an opportunity to appeal to their local lawyer, and he in turn was able to get in touch with the local member. I went down to the town of Drumheller myself to look into some of these cases, and consequently was in a position to make recommendations to the department. But in the present case the men are said to have been spirited away to a distant province without any pretence of a trial, a proceeding which is absolutely unbecoming in a democracy. Frankly, by tradition and education, I am anti-communist. I believe in democracy. I like the conception of constitutional government. I think it is an ideal that we might well aspire to protect. But if this is the kind of thing that is going to be done in the name of democracy, you have no real democracy at all; you are vitiating it and destroying the very principle on which this house was established. I condemn with all the power I have the action of the department in this case, deporting men to a distant part of the country and depriving them of the privilege of having resort to their personal friends without expense to the country and trouble to the individual himself. I really think that the government should seriously reconsider the whole matter and have these people returned to the places where their crimes, if any, are alleged to have been committed. Who knows that they will get a decent investigation? I do not know, I have heard people condemn the Russian Ogpu, their secret service, for the way they secretly hurry people away to Siberia and give explanations afterwards. That was the way these men were dealt with—the action was first taken and the explanation given afterwards. To persist in a course of that kind is to destroy the democracy concerning which so many proud protestations have been made.

Mr. DUFF: I think I am correct in saying that a part of this vote is to take care of the provisions of the act that we passed in this house a few days ago under which the land preventive service all over Canada was transferred from the Department of National Revenue to the Department of Justice under the Canadian mounted police. I would ask the minister if these men who will now be mounted policemen looking after the preventive service will have to give their full time to the work in which they are engaged and for which they are paid.

Mr. GUTHRIE: To answer the last part of the question first, they will be full time men. They will have to give all their time to the work of the mounted police. But this vote does not include any provision for the preventive service. At the time the main estimates were prepared the proposal to take over the preventive service had not been consummated, but since then the arrangement has been completed, and we shall have to look for another vote in the supplementary estimates to take care of that work. For the information of the committee, the present vote under this item is $3,839,595, and it is proposed that a supplementary estimate of $200,000 be brought in, which will make the total vote $4,039,000 odd—not including the preventive service, because it is already provided for in the main estimates for the Department of National Revenue. That vote of $4,039,000 odd compares with a vote last year of $3,354,000, so there will be an increase in the mounted police vote of $685,000. That increase is more apparent than real, because against that we will receive the following amounts from the various provinces with which we have negotiated agreements: Alberta, $225,000; Saskatchewan, $260,000; Manitoba, $125,000; Nova Scotia, $150,000; New Brunswick, $100,000; Prince Edward Island, $15,000; making a total of $875,000 which will be returned to the federal treasury. Crediting that $876,000 against our total vote this year, including the supplementary vote, of $4,039,000 odd, the total expenditure this year will be $3,164,595 as estimated, or a reduction of $189,000 as compared with last year.

Mr. DUFF: I am very glad indeed to have the minister's explanation. Although the minister has truly stated that this vote does not include the cost of the preventive service, I do not think I am out of order in discussing a matter which I should now like to bring before him.

Either the Minister of Justice or the Minister of National Revenue made the statement when the bill to which I referred was before the house that some 350 men of the preventive land service were being taken from the Department of National Revenue and transferred to the Department of Justice, and that they were full time men. I would say to him, and to his deputy who is sitting in front of him and listening to my remarks, that they had better revise the list which the Minister of

National Revenue passed over to the Department of Justice, because it is a well known fact that among the men who were transferred there are a number who during the past year have not given their full time to the work of the preventive service. I made several complaints to the Minister of National Revenue but received no satisfaction. In view of the fact that there has been a transfer of preventive service officers to the Department of Justice and the Royal Canadian Mounted Police, I hope and trust that there will be a different state of affairs. I should like the minister and his deputy to go very carefully through the list, make inquiries from inspectors in the different provinces, and see that every man in that splendid service, for which everybody in Canada has great respect, namely the Royal Canadian Mounted Police, formerly the Northwest Mounted Police, is a full time man, a man who will be a credit to the service and the minister's department. Among the 350 who were transferred I know of several who in the past have not given full time to their duties; they have been engaged in other work, although drawing full time pay in respect of their regular employment.

Mr. GUTHRIE: Is my hon. friend referring to the period since April 1 of this year, since the men were taken under the control of the Royal Canadian Mounted Police?

Mr. DUFF: No. If my memory serves me correctly—and I think it does—in taking over the land force of the preventive service either the minister or the Minister of National Revenue made the statement in the house that 350 men were being transferred from the preventive service of the Department of National Revenue to the minister's department to come under the control of the Royal Canadian Mounted Police. My point is that of those 350 men there are some who did not give full time to the preventive service. I should like the minister or his deputy to communicate with their officials in the different provinces and ascertain the full circumstances. No matter what the religion or politics of the men may be, as long as they are a credit to the service I have no objection to the Minister of National Revenue arranging with the Minister of Justice to make transfers from one department to another. But I repeat, that in the past some of those men have not been giving full time to their work, and I think the Minister of Justice should see that every man who has been taken over from the Department of National Revenue and placed in the Royal Canadian Mounted Police should give full time to his work. I have no doubt the minister will give the matter his attention. Have I made myself clear?

Mr. GUTHRIE: Yes.

Mr. DUFF: I realize that the vote for the preventive service is not included in this item, but with the indulgence of the committee I should like to speak to another point.

Mr. GUTHRIE: About $1,500,000 of the preventive service vote will come under the Royal Canadian Mounted Police.

Mr. DUFF: Under the bill to which I made reference, the marine preventive service is being taken over by the minister's department and by the Royal Canadian Mounted Police. I do not know what arrangement the minister has made. There is no doubt that the gentleman who was sent to Halifax, Inspector La-Nauge, is a splendid official, and I feel sure the department made no mistake in its choice. He was there some years ago, did splendid work and is undoubtedly a good official. It seems to me, however, that if the department is taking over the marine end of the preventive service it should appoint somebody familiar with marine matters; in other words, a marine man should be appointed to look after marine affairs. I think the minister will agree that no government would appoint me Minister of Justice. I know no law, although I am sometimes referred to as a sea lawyer. In spite of the fact that the present minister and past ministers of national revenue have put forth every effort to prevent smuggling, there is still much being done. I am not casting any reflection upon anybody connected with the Royal Canadian Mounted Police. I do say, however, if the law is to be carried out effectively it is necessary that the minister appoint men on the Atlantic and Pacific coasts who have knowledge of marine matters and who will be qualified to take proper charge of the preventive service.

Mr. GUTHRIE: I think I can assure my hon. friend that the men taken from the preventive service into the Royal Canadian Mounted Police must measure up to the mounted police standards. They will be full time men; in the meantime they are taken in on trial. Unless they measure up they will be let out. I assure the hon. member they will devote their whole time to their work. They must be energetic and measure up to the standards by which the Royal Canadian Mounted Police have made themselves a pattern for other forces. The other day in the house, I mentioned the matter of selections, and although I know nothing personally about them I have learned that in the province of Nova Scotia recommendations were made by the chief preventive officer, Mr. Logan. I think my hon. friend will have confidence in his selections.

Mr. DUFF: Whom did he select or recommend?

Mr. GUTHRIE: I do not know the names of the men. The other night the hon. member for Hants-Kings asked me a question concerning two men. Although he is not in his place, I will say that if there was any discrimination it was at the instance of Mr. Logan who made the selections. I think my hon. friend will have confidence in Mr. Logan's choice.

Mr. DUFF: I do not know what Mr. Logan did in regard to his choice of men. Let me say to the minister, however, that if Mr. Logan is responsible for letting out a man named McLaughlin he has made a very grave error. Mr. McLaughlin came from Hants county, and has been in the preventive service for ten years. He was moved from Hants to Lunenburg county. If the minister would make inquiries he would find that everybody would say he is a suitable official. He took no part in politics, and so far as I know he did nothing that would make Mr. Logan recommend that he be not retained in the service. I cannot understand, if Mr. Logan was given a free hand to choose the men from Nova Scotia who should remain in the force, that he would recommend that McLaughlin be let out, because, as I said a moment ago, McLaughlin was one of the best men in the force in Nova Scotia, and it is a shame and a mistake that he has been let out. He is a family man, he gave up his business in his own county and was transferred to Lunenburg, where he rendered splendid service. There is not a single complaint against him. He is sober, he is industrious, and certainly he did not deserve the treatment he has received, whether from Mr. Logan or somebody else.

Mr. GUTHRIE: I will certainly make inquiries in regard to officer McLaughlin and let my hon. friend know.

Mr. DUFF: Will the minister tell me about the marine end?

Mr. GUTHRIE: An arrangement has been made that Commander Oland be loaned from the naval department to take charge of the marine work until it is thoroughly organized.

Mr. WOODSWORTH: If we may come back to the other case, which I do not think we have very satisfactorily settled: I find that according to the Winnipeg Free Press of Wednesday, May 4:

> Writs of habeas corpus were issued Tuesday, directing Assistant Commissioner Field, of the R.C.M.P., to produce the bodies of Holmes and Wade before the court of the King's Bench on Thursday, when he is also required to show the authority under which the men were deprived of their liberty.
>
> Mr. Justice Galt made the order in the case of Holmes, with Mr. Justice Donovan making a similar order for the production of Wade. Both cases will be argued Thursday, S. Greenberg, local barrister, is representing the men.
>
> Up to the present police have refused to disclose the whereabouts of the three men. All that is known is that they are on board an eastbound train, and apparently an effort is being made to deport them from Canada before any effective legal steps can be taken to prevent their departure.

Now, this is what I was trying to get at a little while ago—the action of the mounted police in preventing any information as to what was being done with the men, their refusing to produce any warrants, their hurrying them away secretly and rapidly, and so effectively preventing them enjoying the safeguards which most of us considered were available under such circumstances. Apparently the writ of habeas corpus can be served only within the province, and these men were spirited away outside the province, and thus the very purpose for which the law exists was defeated. There is my point. I do not think the Minister of Justice, who has undoubtedly been brought up in the spirit of the law and the spirit of British traditions, can condone anything of that kind. If we are to develop a police force here who are to be given a free hand to violate the very spirit of British traditions, to make it impossible for men to avail themselves of the safeguard which British law has thrown around British citizens, then we are in a very serious plight, indeed.

May I mention for a moment the effect that this action will have upon the hundreds of thousands of our non-English speaking people throughout the west? It is twenty-five years ago since in connection with some work I was engaged in I went to live among the foreign born. I tried my best to give them some knowledge of our Canadian "ideals," as we used to term them in those days; I tried to show what was involved in our British traditions and British history; I tried to tell them in those days—it was not so difficult for me then as it would be now—that we were living under a reign of liberty, and that every man was sure to be safeguarded in his freedom and if accused was sure to receive a fair trial.

Well, the communists came and told those people that there was no sort of fair play in this country, that there was no chance of their attaining any true liberty under this British flag, and so on. You condemn the communists for this, but let me warn you that actions of

this kind are doing more than all the communists in this country can do to undermine faith in British institutions. How can we go back to those people and tell them that this is a land of liberty when the action that has been taken will remind them of the actions of the soviet government at the present time in regard to political offenders, or those which were taken under the old Czarist regime against such offenders? That is what they will tell you. What can we answer? I should like to think that no matter how black a man's character may be he is assured of a fair trial in this country. We have a right to insist on that. This parliament surely has something more important to do than merely to pass estimates. As the supreme court of the nation we have the right to consider whether this is a case that involves substantial injustice.

I think of the man's wife, a Canadian born woman, of his child, I believe some thirteen years of age, also born in Canada. What are they to think when in this fashion their husband and father is spirited away from them without their having been given any chance to go to his help? He may be pretty bad, but I know in some cases murderers are given more consideration than that and are treated in a more humane way. It seems to me we are simply becoming hysterical and panicky. Conditions may be bad enough, but these conditions are not being produced by the few members of the communist party who may be in this country, they are not being produced by the foreign born here who may not be satisfied and are agitating for a better state of society. These conditions are due to our economic system. The way to better them is not to get panicky and hysterical and deprive people of the rights we thought we all had under the British constitution. I ask the minister whether he thinks it is in keeping with justice that the Royal Canadian Mounted Police should be able to foil the counsel of these men and prevent habeas corpus writs being issued in time to save their clients from being whisked away to Halifax?

Mr. GUTHRIE: I can only say, Mr. Chairman, that I do not believe the mounted policemen perpetrated what is alleged in the newspaper read by my hon. friend from Winnipeg North Centre. I believe they acted strictly in accordance with the law and with their instructions.

Mr. WOODSWORTH: It is much worse if they did that.

Mr. GUTHRIE: I say "in accordance with the law." And if a man acts in accordance with the law why should you say "it is much worse?" That is the way he should act, that is the way we expect him to act, and that is the way, I submit, that these men acted. This newspaper statement that my hon. friend has read is written for the purpose of exciting popular feeling, or for the sale of the newspaper, or something of the kind.

Mr. WOODSWORTH: I quoted from the Winnipeg Free Press.

Mr. GUTHRIE: I do not care what the paper is my hon. friend quoted, I will guarantee that when the facts come before me—they have not yet—they are not in accordance with the newspaper report.

Mr. GARLAND (Bow River): And I will guarantee they are.

Mr. GUTHRIE: I do not know that in this matter I can assist my hon. friend in any way. His desire, he said, was for information. I shall be very glad to direct the attention of my colleague who is not here to-night to the views of my hon. friend as he has expressed them. But he started this evening's program by stating that of course this was a matter in the Immigration department. I can only tell him that that is correct. There is the law, and the Minister of Immigration stated to-day that he was acting in accordance with the provisions of the law of this country. I cannot go any further than that, and I won't, because the law should bind us all.

Mr. WOODSWORTH: Just on that point, do I understand the minister to say that there exists a law in this country which permits the Immigration department or any other department to deprive a man of the safeguards which he might have under habeas corpus proceedings?

Mr. GUTHRIE: I will undertake to say that there is a law which enabled the mounted police and the Minister of Justice to do just what they did in this particular case.

Mr. GARLAND (Bow River): Technically the minister may have an edge of correctness in his argument, but I should like to direct his attention to the very considerable alteration in the method of dealing with these cases that has taken place quite recently. Actions of this kind, to my knowledge, have never taken place until this year. Formerly, in every case in which deportation proceedings were instituted, either for the causes alleged in this case or for other causes, such as becoming charges on the municipality or on the public purse, deportation proceedings

were commenced in the district in which the person resided. This is an entirely new procedure.

Mr. GUTHRIE: I think not.

Mr. GARLAND (Bow River): I want to know why this was done in this case and in the case of the Sudbury people, about which I only know what I have seen, and what I presume the minister has seen, in the newspapers. The two cases appear to be similar; there seems to have been a spiriting away from the locality in which the arrests were made, and I am informed that there was a similar case in Edmonton. It seems amazing that in this year 1932, either this ministry or the Department of Immigration should become so terribly obsessed with fear as to be driven to this hysterical method of trying to cope with what they appear to regard as a gigantic national danger. I do not see that they are getting anywhere by magnifying cases of this kind into major national problems. I tell you frankly, Mr. Chairman, words fail me; I cannot possibly find the proper language with which to describe these actions. But there is one thing I think the minister should tell us: Why, in these cases should the whole course of procedure be altered from the regular, constitutional, civilized methods of British justice which have been followed in the past? The minister says there is a law which permits the Immigration department to take this action. That law has never before been invoked to this degree, at least not to my knowledge. If the minister knows of any similar cases I should be glad to hear of them. As the hon. member for Winnipeg North Centre has said, the action taken has deprived men of the opportunity of securing a decent trial and obtaining justice in their own locality.

May I make a suggestion, because I think the minister is quite sincere and does not want to contravene the popular conception of British justice. Let the minister have these men returned to Winnipeg; let their counsel have an opportunity of invoking habeas corpus proceedings, if they can secure the writs. Let the men have a fair trial, and let the law take its proper course. That is the least we can ask the minister to do, especially in the case of this man who is married to a Canadian woman.

Mr. EULER: When I heard the hon. member for Winnipeg North Centre recite the facts of this matter as given in the newspapers, with regard to the taking of these men from Winnipeg and from Sudbury to Halifax in order to be tried, it seemed to me a most amazing statement. I do not think anyone will accuse me of in any way encouraging sedition or violence, or of being a communist; but it is not even the appearance of justice to arrest a man at his place of residence and take him to a point two or three thousand miles distant in order that he may be tried, thus depriving him of the ordinary opportunity that should be given every man to defend himself. It may not be true that this was done; there may be an explanation which the minister cannot give to-day. But knowing the minister as I do I am sure he does not approve of what was done, if indeed it was done as it has been described in the newspapers and by the hon. members who have spoken. The minister says he is quite certain that the law has been observed and that any action taken is within the law. If this is true, and this is the law, I suggest to the minister and to the government that it is time the law was changed. I think it only fair—and this should be secured by law—that when a man is arrested for any reason whatever, whether it be on a charge of murder or any other heinous offence, he should, at least, have the right of trial in his own community, unless it is impossible for him to receive a fair trial there.

I should like to refer also to the subject mentioned by the hon. member for Antigonish-Guysborough, that is, the preventive service. Perhaps this question would be better asked of the Minister of National Revenue; it is difficult to say where the question of the transfer of the preventive service should be discussed. I heard the minister say a moment ago that the land forces of the preventive service, formerly attached to the Department of National Revenue, were to be transferred to the mounted police. We knew that. I was not aware, however, that the sea forces were also to be transferred. I presume that explains a statement made the other day which seemed to me inaccurate. The minister stated that some 350 men of the former preventive service were being taken into the mounted police and that some 250 men were being let out. My recollection is that there were not 600 men in the preventive service when I was in the Department of National Revenue.

I should like to ask whether, with the taking over of these men of the preventive service, there now will be within the mounted police a special branch to which shall be assigned those special duties formerly carried out by the preventive service of the Department of National Revenue, or whether the officers of the preventive service are merely incorporated

into the great general body of police, so that on one occasion a member of the force may act in a certain capacity and on another occasion in an entirely different capacity. Will there be a separate unit within the mounted police so that the men may become experts in particular lines and thus be able to carry out their duties to the very best advantage?

Mr. GUTHRIE: They will form part of the main body of the police, but a special investigation department will be maintained for the purpose of handling customs and excise cases.

Mr. EULER: Then I would like to ask the minister whether there is some basis of co-operation between that particular branch of the mounted police and the customs branch of the Department of National Revenue. It must be quite evident to all members of the committee that the customs branch of the Department of National Revenue will necessarily come in contact with instances of smuggling, of undervaluation and of all the other violations of the Customs Act, and that of necessity, in order to have the work properly carried out, there should be close cooperation between that branch of the mounted police and the customs branch of the Department of National Revenue.

Perhaps the minister will bear with me if I deal with another point before he answers that question. In incorporating these men of the preventive service into the mounted police —and I am in accord with that action, because for the information of the committee I might say that when I had the honour to be in charge of the department we were considering the very course that has now been followed— what disposition is being made of the assistant chiefs? Under the old system the country was divided into districts. There was the maritime district, the Quebec district, the Ontario district, the prairie provinces, each with a sub-chief at the head. What has become of the assistant chiefs of what was formerly known as the preventive service?

Mr. GUTHRIE: Some of those chiefs have been taken into the force and some have been let out. This has been done on the recommendation of the officers called divisional chiefs. They made the selections.

Mr. EULER: I am speaking of the divisional chiefs now.

Mr. GUTHRIE: Four of those chiefs have been taken into the force.

Mr EULER: May I ask in what capacity?

Mr. GUTHRIE: They will be chief preventive officers of their own divisions.

Mr. EULER: With greatly reduced salaries, I suppose?

Mr. GUTHRIE: With a reduction in salary of about one-third.

Mr. EULER: Would the minister tell me what connecting link, if any, remains between the Department of National Revenue and this particular branch of the mounted police?

Mr. GUTHRIE: There is a very close connection between the mounted police and the Department of National Revenue. The department will still administer the Customs and Excise Act and will still maintain an investigation branch, which will be kept closely in touch with those members of the mounted police who are specially detailed to look after customs and excise cases. The commissioner himself has arranged that connection between the two departments. I can assure my hon. friend that the Department of National Revenue and the Royal Canadian Mounted Police are to be kept in the closest touch at all times.

Mr. VENIOT: Do I understand that the sea forces of the preventive service are to come under the mounted police?

Mr. GUTHRIE: Yes.

Mr. VENIOT: Can the minister tell the committee why that was done? Was it because of any experience that the mounted police might have had with sea forces?

Mr. GUTHRIE: The main object was to take over the whole preventive service and to avoid what might be called divided responsibility. I think the mounted police are just as competent as the Department of National Revenue.

Mr. VENIOT: I do not think they are for preventive service on the high seas.

Mr. GUTHRIE: We are to have the services of Commander Oland of the naval service in formulating a plan for the proper maintenance of this service and the proper carrying out of the duties which pertain to it.

Mr. VENIOT: I do not think any commander can give better service in the prevention of smuggling than that given already. To put a man at the head of these forces who knows nothing of the system employed by the smugglers will tend only to lessen the efficiency of the preventive service by sea. I know nothing of the Pacific coast, but I do know that the preventive service by sea in the maritime provinces has reached an efficiency which no commander of the naval

forces can improve; he might make it worse. For these reasons I must voice my opposition to the mounted police or even the naval service having anything to do with the prevention of smuggling by sea. I understand it is intended to use aeroplanes in this service. I do not know upon whose recommendation this is being done, but I feel certain that the use of aeroplanes to prevent smuggling by sea will be one of the biggest fiascos ever seen in Canada. Smugglers are not in business to be caught; they do much of their work at night, and with their intimate knowledge of the bays, coves and isolated sections of the coast of the maritime provinces all the aeroplanes in the world would have no effect. In these days of economy I think the department should go slowly in adopting systems which cannot help but prove to be failures.

Mr. GUTHRIE: The department is looking very carefully into the question—

Mr. VENIOT: When it puts the mounted police in charge of the sea service?

Mr. GUTHRIE: If the hon. member will permit me to finish: we are looking very carefully into the question of having an air service to assist in the work down there. I may say to my hon. friend that I have not had painted to me that wonderful picture of law enforcement which he has painted. We hope to improve the present marine service of the customs department; we are retaining ninety per cent of the personnel, and we think we will have all the necessary experience at hand. In the meantime we are putting in charge a very experienced man in the person of Commander Oland. I may be wrong in my anticipation of improvement, but I hope I am not, and I believe that after this service has been in operation for a year or so my hon. friend will say we have brought about a wonderful improvement. I am sorry to see the dark picture he paints for us in connection with the bays and coves; I did not think it was as bad as all that, But I will guarantee that the service will be better.

Mr. VENIOT: It is just as bad at the border, because the smugglers there work at night. The efficiency of the preventive forces, either by land or by sea, should not be judged by the number of seizures made. It is the prevention of the violation of the law by smugglers which shows the true efficiency; with an efficient force, the smuggler is afraid to land and goes elsewhere. The result of the system carried out by the Customs department has been to drive these smugglers to the United States. When they discover that the force is efficient enough to prevent them from landing their goods in Canada, they go to the United States and do their smuggling into that country.

Mr. GUTHRIE: We will try to get the force efficient enough to prevent that.

Mr. YOUNG: Reverting to the case of the men who are being deported, the minister expressed doubt as to the accuracy of the newspaper reports, but I should like to ask him this question: Will he, as Minister of Justice, undertake to see that these men are not deported until the facts are laid before him, and if after he has examined the facts he finds that the newspaper reports are substantially correct, will he see that these men are taken back to Winnipeg for trial?

Mr. GUTHRIE: If my hon. friend had heard all the discussion on this matter I think he would realize that he is asking a rather foolish question. This whole matter comes under another department and under an act of this parliament with which I have nothing particularly to do. I have listened patiently to all the complaints, and I shall be glad to bring them to the attention of my colleagues. Perhaps this discussion should not have taken place on these estimates, but I am glad to have had the views of hon. members. If it is the opinion of hon. members that amendments should be made to the Immigration Act, I shall offer no opposition. But, as I said before, the act is as it has been for the last twelve years, and all this is taking place in accordance with the provisions of the act.

Mr. YOUNG: This being Friday night, the Minister of Immigration is not in the house; neither is the Prime Minister. It will be Monday before we shall be able to question either of them, and in the meantime these men may be deported.

Mr. GUTHRIE: There is to be a complete and fair investigation. After the investigation takes place, the cases are submitted to the Department of Immigration, at which time parties can be heard before the minister. In many cases the minister hears similar representations. No railroading is being done except in the newspaper columns. Should my hon. friend want to make representations when these cases come back to the department, I can assure him that he will be heard. If these men desire to have their counsel appear for them, I assure my hon. friend that they will be heard.

Mr. GARLAND (Bow River): If there was no railroading, why were they taken to Nova Scotia?

Mr. GUTHRIE: That was done to suit the convenience of the department and its officials. The board is not being held for an isolated case; probably half a dozen cases will be heard. One of the reasons for its being held in Halifax is because the ships sail from that port.

Mr. EULER: It is very hard on the men charged.

Mr. GUTHRIE: I grant you. A crime charged against a man is investigated in that man's province; that is, when we are speaking of criminal charges. These men may not be charged with any criminal offence; possibly they will not.

Mr. BROWN: All the worse.

Mr. GUTHRIE: But if they are here in breach of the provisions of our law, they may be deported. They may be thoroughly undesirable people, and as such they are liable to deportation. There may be no charge of a criminal nature in connection with them.

Mr. BROWN: That makes it all the worse.

Mr. GUTHRIE: But the law is there, and if it is there it should be enforced. The way to get rid of a bad law is to enforce it.

Mr. GARLAND (Bow River): If the law can be enforced to any such wild extremes as this, I have never before heard of anything of the kind being done. Will the minister give me some illustrations ? I have already cited to the committee cases in which I was personally interested and affected, and in which the investigation took place in the province concerned. I cannot understand the minister's point of view.

Mr. SPEAKMAN: I quite realize that the Minister of Justice is not the responsible minister, and also that it is unsafe to become too much excited over newspaper reports. But at the moment, until we have other information, we can proceed only on the assumption that there is some foundation of fact in the statements that have appeared, coupled with the telegram which has been received. During the last ten years, while I have been a member, I have been endeavouring to instil into people from other lands who are in my province and in my riding, those principles which I consider to be sound, of the Canadian spirit, the British institutions which I have always felt were fine, noble, the best we have in this imperfect world. In particular I have been holding them up in comparison with the customs in other lands and the ideas of men who come from other countries, and have been doing my best to make of these men real Canadians. One of the things I have always held up has been just that which has been cited, that any man in this country, whether a citizen by birth or naturalization or simply a resident who has come within our borders, is assured, no matter who he is or what he has done, of fair treatment and a fair chance. I am not defending those men; I do not know them. If they have done anything wrong—and I assume they may have—I am the last man to condone the wrong, any more than I would condone a murder or approve any crime. But I would also be the last man to stand by and see even a murderer lynched or hurried to conviction without a fair trial. Where a man is charged with commission of a crime if the accused cannot provide counsel or has no funds, the court, in its meticulous care that British justice be upheld, will furnish counsel for him. If what has happened is as has been stated, the minister is right in saying that no law has been broken, but he is not right when he says that in doing that, they were simply obeying the law. There is a great difference between obeying the law—that is in doing something that the law commands—and simply staying within the limits of the law.

Mr. GUTHRIE: I referred to the actions of the mounted police.

Mr. SPEAKMAN: Quite so. I make no criticism of the police themselves. They were acting under orders and had no option but to do as they were told; the better policemen they were, the more meticulously would they obey orders, whether they were right or wrong. I am speaking of the authority under which they acted. The minister did not refer to the police obeying the law; he referred to the Minister of Immigration obeying the law. The Minister of Immigration certainly acted within the law; he did not do anything against the law, but the law did not force him to do as he did. It gave him or his department discretion as to where the trials should take place and what action should be taken. The discretion has been within the law. The law itself my be all right, yet good law may be abused. Actions may be within the law but still be not fair or equitable.

I am chiefly interested from this one aspect, that of the effect which the report of such action, if true or if left uncontradicted, will have upon people from other countries among

whom I, with others, have been working in an endeavour to clear from their minds soviet, bolshevist conceptions and make them good Canadians. I have assured them that no matter how poor they might be in this world's goods, no matter how ignorant they might be or to what extent they were unacquainted with our language or our customs, once they came into this country they would receive the same treatment and be accorded the same justice as the richest British-born that could come into the land. If action has been taken as has been stated, and if it goes without contradiction, what can I say to those men? They know, and everybody in this house knows, that no educated man of influential family, of position, of wealth, with influential friends, would be treated in such a way. We know that; they all know that. If other men are treated differently, then all that has been said by many of us, doing our best to stem the tide of faulty opinions and principles, is of no avail. The work we are doing has been hampered; our high ideals have been swept overboard. It is true the minister is not the one responsible, but in the eyes of the world what is he? He is the Minister of Justice; he and his department represent justice in this land. I would appeal to him, in his capacity as the dispenser of justice in Canada, to see that justice is done in this case.

Mr. WOODSWORTH: May I submit just one or two other considerations? As I understand the matter, the Immigration Act is designed to state what class of people shall come into this country, and to give the minister power to deal with any individuals belonging to prohibited classes that have got by and that should be deported because they are unfit to be immigrants. Clause 41 of the Immigration Act gives a list of certain persons to be deemed to belong to the prohibited or undesirable classes. It is intended to keep that class of people out of the country, but I submit that this law was never designed or should never be used to try people for crimes after they have been for a considerable period in Canada. One of these men, according to my information, has been twenty years in this country. He ought not to come under the jurisdiction of the immigration authorities. He has been here long enough to establish a certain domicile.

An hon. MEMBER: He should be naturalized.

Mr. WOODSWORTH: For my purpose it does not make any difference whether he is naturalized or not. He has been here long enough to establish a certain residence, and he ought not to come under the Immigration Act. If he has committed any offence against the criminal code, by all means let him be tried, convicted and deported if we can deport him. I am not arguing against deportation for cause; but let him have a trial; let us not use the Immigration Act, which is designed to keep certain people out of the country, as a means of putting them out. That is not a fair way of dealing with the situation. It is quite true that a man may get inside the gate in some surreptitious way, and it may be found after he has been here a year or two that he has made false representations, or was not what he represented himself to be. The Immigration Act is designed to take care of people of this class and provide for their being sent back if they have been here a month or two or a year or so, but when a man has been here for a number of years it seems to me that he ought to come under our regular procedure. The very next clause of the Immigration Act, clause 42, says that the minister—

> —may order such person to be taken into custody and detained at an immigration station for examination and an investigation of the facts alleged in the said complaint to be made by a board of inquiry or by an officer acting as such.

That means that if he comes in by way of Halifax he will be detained at Halifax and examined there by a board, but it certainly does not mean that after a man has come to this country and has lived for twenty years in Winnipeg he is to be taken back and examined at an immigration station at Halifax. There is no authority in the act whatever for such a procedure as that, none whatsoever. If he has to be detained at an immigration station there is an immigration station at Winnipeg where he might have been detained.

Further than that, in the case of one of these men, he has a Canadian born wife and a Canadian born child in Canada. Now what does the act say with regard to them? Subsection 6 of section 42 says:

> In any case where deportation of the head of a family is ordered, all dependent members of the family may be deported at the same time; and in any case where deportation of a dependent member of a family is ordered on account of having become a public charge, and in the opinion of the minister such circumstance is due to wilful neglect or non-support by the head or other members of the family morally bound to support such dependent member, then all members of the family may be deported at the same time.

I presume that this section means that this Canadian born woman with her Canadian born child may be summarily deported to Poland or Russia or Germany, or from whatever country

this man may have come. If he is not deported with his wife, it means that she and her child are to be left in Canada and her husband sent overseas—a family absolutely broken up. Those members of the house who a few years ago objected so strongly to divorce, might I think, very well have something to say about a forcible divorce of that kind, where the head of the family is taken away and the dependent wife and family are left in this country.

Further, the minister says that every opportunity will be given for appeal. Let me read the notice to be sent to the person ordered to be deported:

If you claim to be a Canadian citizen or to have acquired Canadian domicile, you have the right to consult counsel and appeal to the courts against deportation.

These people, I believe, are not naturalized, hence they do not come under the first paragraph of this section. I go on:

In all other cases you may appeal to the Minister of Immigration and Colonization against any decision of the board of inquiry or officer in charge whereby you are ordered to be deported unless such decision is based upon a certificate of the examining medical officer that you are affected with a loathsome disease or a disease which may become dangerous to the public health. The formal notice of appeal will be supplied to you by the immigration officer in charge upon request and upon deposit of the sum of twenty dollars for the cost of your maintenance and the sum of ten dollars for the maintenance of each person dependent upon you until the minister has decided upon your case.

It is that second part of the section which applies to these particular people, and unless they can produce the twenty dollars and the ten dollars for each dependent they have no chance even for an appeal. That is a very serious state of affairs. You take a man quickly away from where he lives without giving him any opportunity to obtain ready cash, and move him two thousand miles from where his friends are located, and it is almost impossible for him to make an appeal to the minister. The result is that he is clapped on board ship and is on his way across the Atlantic without even a chance for an appeal. I know that the Minister of Justice cannot think that that is a fair sort of trial. He must realize that an appeal of that kind is a mere sham. I would urge upon him, as Minister of Justice and as a member of the government, to see to it that these people, whatever their crimes may be, are given a fair trial in Canada.

Item agreed to.

PRIVILEGE—MR. MACKENZIE KING

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): While the Minister of Justice who is acting as leader of the house is dealing with complaints with respect to what appears in the press, I should like to make mention of another matter which affects vitally the privileges of this house.

I have before me a copy of the Ottawa Journal of this evening, and the headline across the page reads:

Roche, MacTavish, Tremblay to be retired. New Civil Service Commission, two or three members, is advice of committee. Report contains severe criticism of service governing body. Praise is given Charles H. Bland. Post offices under $3,000 class taken away from commission.

The news column itself sets forth what purports to be the findings of the special committee to which were referred certain matters pertaining to the Civil Service Act and its administration. I have just been asking one of the members of the committee as to whether or not the committee has made its report, and he advises me that it has not. How near this report which appears in to-night's paper may be to any draft which has been before the committee I am not in a position to say, but there is internal evidence, I submit, which will be apparent when the report is brought down, to suggest that in some way the Ottawa Journal has obtained either a draft of the report that has been before the committee or something very similar to it. Naturally I cannot say who is responsible at all for the representations respecting the committee's findings as they appear in this article, but I think a statement should come from the government immediately repudiating the report and repudiating any action on the part of any journal which purports to deal with matters which are before committees of this house or publishes reports of its committees before hon. members themselves have been given any information. It is a gross injustice to the persons whose names are mentioned in the report, and it is a breach of the privileges of this house that a report on a matter that is before a committee of the House of Commons should be presented in this form to the public before hon. members themselves have received the fullest information. I would like the hon. Minister of Justice who at the moment is leading the house to express his views with regard to this matter.

Hon. HUGH GUTHRIE (Minister of Justice): If this is a proper time to bring this matter up, Mr. Chairman, and I do not think it is—

Mr. MACKENZIE KING: A matter affecting the privileges of either house of parliament can be raised at any time.

Mr. GUTHRIE: In committee?

Mr. MACKENZIE KING: At any time.

Mr. GUTHRIE: I am not objecting on that ground. When I read the article it struck me that it was a very improper one to appear in any newspaper—it is not only in the Ottawa Journal; a very similar article appears in the Ottawa Citizen also. If it is only a newspaper reporter's forecast of what a committee is going to report, I do not imagine that anyone can take very serious objection to it, and if the newspaper reporter has made a correct guess I do not think anybody can take very serious objection. But if it is based on information handed out by a member of the committee, then I think serious objection can be taken, and I shall certainly draw the attention of the Prime Minister to the matter at the very earliest opportunity.

Mr. W. G. ERNST (Queens-Lunenburg): As a member of the committee I take the opportunity just to say a word. I do not think I shall be committing any breach of confidence when I say that the article in question was brought to the attention of the committee this afternoon and the committee were unanimous in stating that no member of the committee had given such information to the press. In the words of a former prime minister, it is at best an adventurous prognostication.

SUPPLY

The committee resuming:

Mr. BEAUBIEN: Before the item carries—

The CHAIRMAN (Mr. Stirling): The item is carried.

Mr. GUTHRIE: I will answer the question if I can, Mr. Chairman.

Mr. BEAUBIEN: I presume that most of the members of the preventive service in Manitoba were absorbed into the Royal Canadian Mounted Police.

Mr. GUTHRIE: Practically all of them.

Mr. BEAUBIEN: I have in mind a man getting, say, from $1,700 to $1,800 a year. How would the change affect his salary?

Mr. GUTHRIE: A man with $1,700 a year would probably lose about $300 a year. He will be paid now according to the police rates.

Mr. BEAUBIEN: I assume the staff has been cut generally. Suppose a man in the preventive service on that ground alone was not absorbed into the mounted police. That service has been cut to a certain extent, I suppose?

[Mr. Mackenzie King.]

Mr. GUTHRIE: What has been cut?

Mr. BEAUBIEN: The preventive staff. They have not all been absorbed?

Mr. GUTHRIE: No, but in Manitoba I believe practically all have been.

Mr. BEAUBIEN: Suppose a man who was in the preventive service was not absorbed when the Royal Canadian Mounted Police took over the service—a man whose record is good but who has passed the age limit for appointment to—the civil service; is there any provision under which the age limit may be waived?

Mr. GUTHRIE: No, there is no provision other than that they are entitled to draw out the gratuity that has accumulated during their service.

INDIAN AFFAIRS

To provide for expenses connected with the administration of Indian affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc., and a grant of $100,000 approved by parliament in the session of 1926-27, $3,873,000.

Mr. DONNELLY: The last time this item was under discussion I asked the minister some questions in connection with the greater production farm at Regina. At that time he told me the farm had been handed over to some individual or individuals to be cared for. Can the minister tell us the size of the farm, the amount of land under cultivation, whether the farm has been rented, or on what terms it has been handed over?

Hon. T. G. MURPHY (Superintendent General of Indian Affairs): Mr. Chairman, I have not the accurate information as to the number of acres, nor have I a copy of the agreement or arrangement made with the former manager of the farm. The farm was rather large, consisting of several hundred acres. The arrangement is that it will be taken over this year on a share of crop basis, but other than that I cannot give details of the arrangement.

Mr. DONNELLY: I have asked for production of papers, and I should have liked to have the information before the item passed. I think I should have had it before this item was called.

Mr. MURPHY: The hon. member asked a question the other night; I gave my answer, and he took no exception. Had he asked for

details I should have been only too pleased to secure the information for him. I shall be quite ready, however, to obtain any information he may desire, and send it to him.

Mr. DONNELLY: I have asked for the production of papers, and I think production should have been made before this item came up for discussion.

Mr. MURPHY: How long has the request for information been on the order paper?

Mr. DONNELLY: A week or ten days.

Mr. MURPHY: Undoubtedly the information is being secured from the inspector who made the arrangement. The necessary time has not elapsed for the information to come from Regina.

Mr. WEIR (Macdonald): I should like to ask a question concerning a condition existing in one of the reserves in Manitoba. Perhaps the minister may be in a better position to answer if I state the circumstances. The merchants at certain Indian reserves in Manitoba have been doing business with the Indians, and to-day they find themselves holding several accounts for which Indians are responsible, and which the merchants are unable to collect. Is there any method by which the department becomes responsible for accounts incurred by Indians? I am referring particularly to the Swan Lake Indian reserve.

Mr. MURPHY: Any goods bought by the Indian department through properly appointed and qualified officials will be paid for by the department. But as to accounts incurred with a dealer by individual Indians the department does not hold itself responsible for payment. There was a practice, which to some extent has been discontinued, whereby an Indian agent would sign an order or agree that a merchant might charge to an Indian certain goods and he, the agent, out of the proceeds of the Indian's crop would endeavour to pay the merchant. I believe a difficulty has arisen in the particular case to which the hon. member for Macdonald has referred. I may say representations have been made to the department with regard to accounts owing to merchants and dealers by Indians in the Swan Lake area. Some of the accounts have been submitted to me to show that the goods were charged and in most instances the accounts bore the signature of the farm instructor. These goods, however, were charged not to the Indian department but to the individual Indian. In such cases the merchants must have understood, through general practice, that the goods would be paid for out of proceeds from the Indian's crop, and not by the department.

Mr. WEIR (Macdonald): Does the minister mean the Indian's crop was not sufficient to pay for these goods?

Mr. MURPHY: Apparently so, yes. The agent would endeavour to pay the account, but I do not suppose he would take all the proceeds of the crop to pay an account, and leave the Indian with nothing. It is evident that during the last few years the Indians have found themselves in the same position as many white people who have been unable to pay their store accounts.

Mr. WEIR (Macdonald): The department assumes no responsibility for accounts in that position?

Mr. MURPHY: No, the department assumes no responsibility. The agent, however, acting as an official of the department, uses his best efforts to get enough money from the Indian to pay the account.

Mr. VALLANCE: Can the minister answer a query in the form of a telegram I sent to him yesterday regarding the supplying of flour to Indians in Battleford? The purchasing agent asked for tenders, and my information is that tenders were received, a local miller in the town of Battleford being lowest. For some unknown reason his tender was rejected. I should like to know if the minister has any information in the matter.

Mr. MURPHY: The telegram to which the hon. member has referred was placed before me either last evening or this morning. The hon. member has stated that the tender was rejected; the telegram however did not so state, but merely mentioned the circumstances. Is the hon. member correct when he states the offer was refused?

Mr. VALLANCE: All I am referring to is the telegram. Having a copy of the telegram, the minister has knowledge of what it contains. Is the statement in the telegram correct, that an effort was being made to transfer the filling of the order to someone other than the lowest tenderer? That is what I want to know.

Mr. MURPHY: That is a different statement.

Mr. VALLANCE: The same thing.

Mr. MURPHY: A moment ago the hon. member said the offer had been turned down, if I heard him correctly. My information, after taking the matter up with the officials of the department, is that in the spring of the

year certain flour was bought by the department for the use of destitute Indians, and a contract was entered into. But in the case to which the hon. member refers, it is not departmental buying. In other words, a portion of the interest fund which is sent to the agent for distribution among the Indians apparently is being used to purchase flour for them. This flour is not being purchased with departmental funds. From the telegram the hon. gentleman sent me, the agent apparently has asked for tenders from different milling companies. I have no knowledge as to whether an order has yet been placed with the firm to which he refers, or with any other firm.

Mr. VALLANCE: The minister surely will not claim that his department is not responsible for what the agent does? The agent is an official of his department, and whether he is spending Indian money or departmental money, he is still acting as an officer of the department.

Mr. MURPHY: Quite so. Nor am I using the words which the hon. member is putting in my mouth.

Mr. VALLANCE: The minister said it was not a departmental matter.

Mr. MURPHY: I said the flour was not being purchased with departmental funds, and therefore it was not departmental buying.

Mr. VALLANCE: But the minister controls the funds of the Indians.

Mr. MURPHY: Possibly I can make it clearer in this way. A certain amount of money is held in the consolidated revenue fund which belongs to that particular band of Indians, and interest at five per cent is allowed upon it. That money is transmitted to the agent for distribution among the Indians.

Mr. VALLANCE: At whose request?

Mr. MURPHY: It is not a matter of request, it is a matter of right.

Mr. BEAUBIEN: Every year?

Mr. MURPHY: Certainly. Or they might ask that it be left here to accumulate; but apparently the money has been sent to him for distribution. It may be that the Indians themselves requested the agent to purchase the flour for them out of this fund rather than have it all distributed to them in cash. Apparently—and I use the word because the department issued no instructions to the agent with regard to it—he asked for quotations from different firms to supply this flour. Whether he has placed an order with any firm, as I have told the hon. member, I have no information to give him.

Mr. GERSHAW: How is the grain or wheat from these Indian reserves sold? Some of the larger milling companies have stated that they are sometimes in a position to give a better price than the department obtain, and yet they are never given an opportunity of bidding.

Mr. MURPHY: The Indian agent, as the hon. member knows, does practically all the business for the Indians under his charge. One of his duties is to see that the Indians' grain is sold to the best advantage, and I presume he sells it to the elevator companies at the best price obtainable.

Mr. GERSHAW: It sometimes happens that the milling companies are able to give a better price for the wheat than are the regular grain dealers, but the larger companies have stated that they never get an opportunity to buy.

Mr. MURPHY: That business is not transacted departmentally, and I am informed that the agent does not report to the department as to whom he sells the wheat or what price he obtains for it, although, as I stated a few moments ago, his duty is to see that the wheat is sold to the best advantage in order that the individual Indian may receive the most for his crop.

Mr. DUFF: Is the minister able to give the name of the medical officer who looks after the needs of the Indians of the Chapel Island reserve in the county of Richmond, Nova Scotia?

Mr. MURPHY: I will endeavour to give the hon. member an answer in a moment. I observe that the hon. member for Acadia (Mr. Gardiner) is now in his seat. On May 2 he asked that certain information be brought before the committee in regard to the purchase of coal for certain agencies in Alberta. I am now in a position to inform the committee that in 1930-31, agent Gooderham secured quotations for the fuel requirements of Namaka, Gleichen and Cluny from William McConnell, of Gleichen, and the Midland Coal Company of Drumheller. In that year coal was purchased from Mr. McConnell, who submitted the lowest tender, at the following prices: $7.50 per ton, f.o.b. agency; $8.50 per ton, f.o.b. farm No. 3; $9.50 per ton, f.o.b. farm B. In 1930-31, coal was purchased again from William McConnell, he having submitted

the lowest prices, at the following figure: $7.50 per ton, f.o.b. agency; $7.50 per ton, f.o.b. farm No. 2; $8.50 per ton, f.o.b. farm No. 3; $9.10 per ton, f.o.b. farm A; $9.50 per ton, f.o.b. farm B. Here I desire to draw to the attention of the hon. member and of the committee the fact that the answer given to a question asked by the hon. member for Bow River was incorrect, as the official of the department who compiled the figures gave the amounts of the highest tender for the year 1932-33 instead of the figures of the lowest tender, an error which I now correct.

Mr. GARDINER: Has the minister the names of the other persons who were asked to tender, with the amounts of their tenders?

Mr. MURPHY: I have given the hon. member the names of those who were asked to tender.

Mr. GARDINER: Was only Mr. McConnell asked to tender?

Mr. MURPHY: Possibly the hon. gentleman did not hear me. A few moments ago I said that the Midland collieries of Drumheller were also asked to tender.

Mr. GARLAND (Bow River): Were they asked to tender in 1931-32 also?

Mr. MURPHY: Yes.

Mr. GARLAND (Bow River): And who else?

Mr. MURPHY: That is all, just the two.

Mr. GARDINER: What was the tender of the Midland Coal Company of Drumheller?

Mr. MURPHY: For the year 1930-31 the figures were as follows:

	McConnell	Midland
Agency	$7 50	$7 65
Farm A	9 50	9 65
Farm No. 3	8 50	9 10
	1931-32	
Agency	$7 50	$7 65
Farm No. 2	7 50	7 65
Farm A	9 10	9 25
Farm B	9 50	9 65
Farm No. 3	8 50	8 65

On May 2, when these estimates were being considered, the hon. member for Bow River asked the following question:

Mr. Garland (Bow River): Since the mine is producing 3,085 tons of coal, and, as the minister states, he hopes to produce a greater quantity next year, why is his department purchasing coal from outside at more than twice the amount? Is that economic? Is it common sense? If the Canadian National Railway system was run on that basis it would be broke long ago.

To which I made the following answer:

Mr. Murphy: As I stated, the mine has been open only a few months, and it may be that the department was not in a position at the time—I speak again subject to correction—to supply its needs. In other words, the tenders were called for for the season 1931-32, prior to the opening of the mine. But now that we are in a position to meet those requirements, there is no reason why the coal should not be supplied to the agency from the mine provided it is suitable coal for their requirements.

I asked my officials to wire the agent [illegible] why tenders had been asked for when we had a coal mine of our own, in order to see if I was generally correct in my statement, and the following telegram was sent:

Question raised in house as to why department did not use coal mined from reserve for agency purposes instead of purchasing by tender. Is Blackfoot coal not suitable for agency purposes? If it is, can it be used in the future? Explain fully. Rush reply.

To this the following answer was received:

A. S. Williams,
Acting Superintendent General Indian Affairs,
Ottawa.

Tenders for agency coal awarded last August. Blackfoot coal mine not open until October. Coal from Blackfoot suitable and could be used in future if mine under supervision. Without supervisor we cannot rely on supplies.

G. H. Gooder.

I think I was generally correct in the statement I made in the house on May 2, when I said this mine was not in active operation when the agent asked for tenders for this coal. It is true that in answer to a question by the hon. member for Bow River certain figures were given showing that a certain amount of money had been spent on that mine in the two previous years. I may explain that that money was spent in the purchase of tools for the operation of the mine, and that active mining operations as such had not been carried on, the Indians simply doing a certain amount of drift mining in that area.

Mr. GARLAND (Bow River): There is still something to be explained in connection with this matter. The quotations mentioned by the minister, running from $7.50 for the year 1931-32, are still $1.10 higher than the tenders received by the Royal Canadian Mounted Police for only twelve tons of coal delivered at the barracks. Here is evidence that $1.10 more was paid than the coal could have been procured for if tenders had been called for by advertisement. That will require some explanation. With regard to the coal mine on the reserve, that mine has been open and in operation for some four years. In 1929 the mine produced 260 tons; in 1930 it produced

600 tons, or twice the requirements of the agency, and in 1931 it produced 3,085 tons. The minister explains the fact that the agency invited tenders—of course from certain selected individuals—in August last by the statement that coal was not being supplied by the mine on the reserve. The minister says that at that time the mine on the reserve was not open and operating, but may I submit to the minister that the Midland coal mine was not open at the time either? Most of the domestic coal mines in Alberta are closed during the summer months, and in all probability at the time tenders were called for most of the mines in the Drumheller valley were not operating. The department must have had knowledge that this mine in the reserve would be producing approximately 3,000 tons that year, and it would know about the time it would require the coal. The Indians were available for labour, and in my opinion they could have supplied themselves from their own mines. When the minister is answering this question, I wish he would state if it is the general custom of the Department of Indian Affairs not to invite tenders by advertising but simply to invite one or two selected individuals to make a tender.

Mr. MURPHY: I have now before me the answer given to the question asked by the hon. member for Bow River with regard to the production of this particular mine. As I stated a moment ago the production in 1929-30 was very limited, the Indians doing a certain amount of drift mining. As the department has no one in charge of that mine at all times, the figures given are only approximately correct. In 1929 there was mined 260 tons; in 1930, 600 tons and in 1931, 3,085 tons. The wire from the agent which I quoted a moment ago shows that this mine was not operating this year until about October. Prior to that time the agent had called for tenders to cover the requirements of the reserve, not for individual Indians particularly but for the agency buildings.

Mr. GARDINER: On whose authority?

Mr. MURPHY: I do not think any particular instructions were given this year. The agent would simply carry out the practice he had followed in other years and at a certain time of the year ask for tenders.

Mr. GARDINER: When was the coal delivered in 1931-32?

Mr. MURPHY: Some bills are dated January 5, 1931, for deliveries in December, 1930; some are dated February, 1931, for delivery in January; some are dated March, 1931, for February deliveries. I have no bills for 1931 or 1932 showing deliveries last winter.

Mr. GARDINER: When were the tenders called for the 1930-31 supply?

Mr. MURPHY: Tenders were called for on August 29, 1931, and on September 26, 1930.

Mr. GARDINER: In the year when the mine was likely to be operated by the agency, why were tenders asked for so much earlier than in the previous year?

Mr. MURPHY: As I said a moment ago, no special instructions are sent out to agents with regard to the purchasing of supplies; these matters are in their hands and they carry on as a matter of business. The agent selects the time to ask for tenders.

Mr. GARDINER: Can the minister give any information as to the business qualifications of this agent?

Mr. MURPHY: I am informed that he is considered to be one of the best agents we have. His father carried on the duties of Indian agent before him.

Mr. GARDINER: What kind of coal was delivered in 1931-32, and from what mine?

Mr. MURPHY: Double screened lump coal.

Mr. GARDINER: From what mine?

Mr. MURPHY: Neither the tender forms, the abstract or the accounts give that information.

Mr. POULIOT: Has an Indian agent been appointed recently at Cacouna?

Mr. MURPHY: I have not received any advice of an appointment at that place.

Mr. DUFF: Will the minister give me an answer to my question?

Mr. MURPHY: The position at Chapel island is vacant at present.

Mr. DUFF: How long has it been vacant?

Mr. MURPHY: I am not certain as to the exact length of time, but I believe a matter of a few weeks.

Mr. DUFF: The complaint which I received is that it has been vacant quite a while. I understand that this is because there is no Conservative doctor near the reserve If there is a Conservative doctor close to the reserve I have no objection to his being appointed at a time when the Conservative

party is in power, but if this position is being left vacant because there is no Conservative doctor near the reserve, then in the interests of the Indians a Liberal doctor should be appointed. My understanding is that this vacancy has existed for some months, in fact ever since a certain gentleman was appointed to the Senate. Previous to that time Senator Macdonald was the medical man in charge of this reserve, and in my opinion he was the proper man to have the job under a Conservative government, he being a good Conservative. The only other doctor there was the man who held the position before 1930, and who, no doubt quite properly, was discharged after this government came into power. It seems to me, if there is no Conservative doctor near, in the interests of the Indians, this other man should be reappointed immediately. I should like the minister to tell me exactly what the position is in regard to the matter.

Mr. MURPHY: I anticipated that when I asked the hon. member to defer his question, I would have all the information that he desires. If he will kindly wait a little longer until I get another official here, I shall be able to give him fuller information. I have a certain general knowledge of the matter, but I desire to answer his question as accurately as possible, and I shall obtain the services of the other official as soon as I can.

Mr. DUFF: It is not necessary to do that. I am quite satisfied with the minister's explanation as far as it went, and I want him also to take what I say. I said it in good faith and I think I was fair enough to say that if there was a Conservative doctor there, he should be appointed immediately. I understand there is not a Conservative doctor within a good many miles; therefore the only doctor there being a Liberal, he should be appointed without delay. The cost will not be very much, and rather than have the Indians suffer from want of medical attention, I think my hon. friend will agree with me, if my statement is correct, that doctor should be appointed immediately.

Mr. MURPHY: I am informed that the services are being performed at the present time by a doctor who is being paid on accounts, so the Indians are not suffering from lack of medical attention.

Mr. DUFF: What doctor is that and where does he live?

Mr. MURPHY: Doctor Digout.

Mr. DUFF: That is the man I should like to have appointed; he is a Grit.

Mr. RALSTON: There is another case of an Indian doctor in Shelburne county. Doctor L. P. Churchill was the Indian doctor there for a number of years and he was replaced comparatively recently by the appointment of Doctor C. A. Herbin. I asked the minister, early in the session, on whose recommendation the change was made. When the answer came down it was, according to page 389 of Hansard, "on instructions issued by the superintendent general." As reported on page 434 of Hansard, I pointed out that this was not an answer to the question, and I do not think I have had any answer since. I want to ask my hon. friend on whose recommendation the change was made.

Mr. MURPHY: The question as put by the hon. member, I think he will agree, was one based upon an assumption. It was not a direct question.

Mr. RALSTON: Well, I am asking the minister the question: was it made on a recommendation?

Mr. MURPHY: If my memory serves me correctly, yes.

Mr. RALSTON: On whose recommendation?

Mr. MURPHY: I am sorry that at the present moment I cannot recall, but I am quite willing to answer the question; I have no objection to doing so.

Mr. RALSTON: I am sure of that. I only want to point out that it has not been answered. The question was, on whose recommendation the appointment was made, and the answer, "on instructions issued by the superintendent general," is not very informative nor, I think, is it a proper answer. I should like to indicate to the minister the situation with regard to this appointment. Doctor Churchill is an ex-service man, with, I think, three years' service overseas and the military cross. He was born in the county of Shelburne; he has lived there all his life. The gentleman who has replaced him, Doctor Herbin, has lived in the county some five years and has no overseas service. I want to ask the minister the reason for the dismissal of Doctor Churchill and the appointment of Doctor Herbin.

Mr. MURPHY: This position occupied formerly by Doctor Churchill and later by Doctor Herbin is not one which carries a salary. The accounts are paid on what is know as the "call system;" that is, the agent calls in any doctor to provide the medical services for the Indians in question. It is not a regular salaried position.

Mr. RALSTON: I have not the answer yet. My question was: Why was it that Doctor Churchill's services were dispensed with and Doctor Herbin was appointed? To say that the position does not happen to be a salaried one is not any answer.

Mr. MURPHY: I think, if I may say so with all deference to my hon. friend, it is a proper answer. May I illustrate it in this way: My hon. friend in the course of his own private life may call in the services of a certain physician for his family at a particular time, and at a later date he may call in the services of another physician. Would he say, simply because he called in another doctor, that he dismissed the first one?

Mr. RALSTON: I asked simply why the change was made.

Mr. MURPHY: That was not the original question. I think I answered that a few moment ago, when I said that the recommendation had been received by the minister.

Mr. RALSTON: What was the reason given for the recommendation? The minister does not act simply on a recommendation, without some reason being given for it.

Mr. MURPHY: I stated to the hon. gentleman that I was unable to recall who made the recommendation, but I fancy I carried out the practice which has been in vogue for many years, namely, that if a responsible minister receives a recommendation from a member of this house or from someone else in whom he has confidence, to do a certain thing, it is frequently done.

Mr. GARDINER: How frequently?

Mr. MURPHY: Most frequently, may I say, and I make no apologies for taking such action. If a colleague of mine in the government or a member in this house, whom I know personally and in whom I have confidence, makes a recommendation to me, then I am prepared to act upon his recommendation.

Mr. RALSTON: Will the minister make inquiries as to the increased expense to the country caused by accepting that recommendation, or will he accept it without such inquiry?

Mr. MURPHY: As possibly the hon. member is aware, the affairs of the Indian department will be administered this year for an amount some $1,800,000 less than two years ago.

Mr. VENIOT: That is no answer.

[Mr. Murphy.]

Mr. MURPHY: Will the hon. gentleman just contain himself for a moment? Not only in this case but in all similar cases throughout Canada instructions have been issued that those who are providing medical services for the Indians at various places must have their accounts kept to a minimum, and if I am not mistaken, a certain amount has been set which they must not exceed. I can assure the hon. member that those accounts, along with those for this particular doctor's services, will be very carefully examined and kept to a minimum.

Mr. RALSTON: The minister is not quite fair to himself or to the committee. Nobody asked for a long statement with regard to the general expenditures of the department. I asked a simple question. The minister stated that it was his practice, for which he made no apologies, to accept the recommendation of anyone in whom he had confidence with regard, generally speaking, to a change of office or the administration of his department. My simple question was whether he made any inquiry as to the relative expense which would result to the public from accepting that recommendation as compared with maintaining the position as it stood before the recommendation came in. I do not think there can be any misunderstanding about that question. It has nothing to do with the million dollars at all.

Mr. MURPHY: I am quite willing to accept the lecture of my hon. friend as to the length and kind of answer I should give although I have not taken exception to the length or type of question which he has asked, and if my answer does not please him I can only express my regret. I am answering to the best of my ability and giving him the information which I thought he desired. I have nothing to withhold.

Mr. RALSTON: I am waiting for the answer, after all that.

Mr. MURPHY: So far as I am aware, no particular inquiry was made in this instance as to whether the charge for the service would be increased or not. I gave the general answer which I thought would be more satisfactory to my hon. friend, that the expenses in this case as in all others would be kept to a minimum.

Mr. RALSTON: My hon. friend presumed to give the general practice and was laying down a rule which I have not heard stated before in this house. I was interested to know how it was that that practice applied and whether in applying it the minister makes any inquiry at all into the relative cost of accepting

the recommendation as compared with the cost before the recommendation was made. In this case no such inquiry was made, I understand. Is that correct?

Mr. MURPHY: Yes.

Mr. RALSTON: I want to point out, Mr. Chairman, in connection with this appointment, that assuming one call is made on each Indian in the district during the year from the residences of these two men, it would cost this country, with Dr. Churchill making the calls, in view of his place of residence, $478 a year, whereas with the gentleman now appointed on this recommendation, and as I said before, not an ex-service man, it will cost $957 a year. In other words, there is an increase of nearly $500 in expenses to the department assuming that one call on each Indian is made during the year. That amounts to the statutory increase for the year of nearly seven or eight civil servants, which we found it impossible to give because of the fact that this country was so short of funds. I point out to my hon. friend now that, take it on any basis you like, the increased cost of administering his department in this case is one hundred per cent, if only one visit is made to each Indian during the year. The minister cannot justify this appointment on any ground, and if he has made other appointments on the same basis, one million dollars will be needed.

Mr. MURPHY: The hon. member has stated that if such and such happens, the expenses of this particular service will be increased about one hundred per cent. I submit in all fairness that the hon member has no justification for making that statement. How he can inform the committee that the expenses of this particular service are going to be increased by some eight or nine hundred dollars this year passes my comprehension. I told him in my general answer a few moments ago that in a number of cases, if not in all—and if it has not been done in all cases it will be—instructions have been given by me that these services throughout Canada must not exceed a certain amount based upon the expenses that have been incurred in previous years. I thought in stating that I was giving the hon. member the information he desired. I was not seeking to evade his question at all.

Mr. VENIOT: The medical attendance must be so and so and no more, whether the Indian dies or not.

Mr. MURPHY: No, that is not what I said.

Mr. VENIOT: That is the only inference.

Mr. MURPHY: The hon. member may infer that but that is not what I said.

Mr. VENIOT: It is the only inference.

Mr. MURPHY: I submit differently. The service will be provided for these Indians as it has been in the past, but the expenses for the service must not exceed a certain amount per year.

Mr. VENIOT: How are you going to regulate it?

Mr. RALSTON: I will tell the minister how I arrived at the figure. It is quite simple. There are forty Indians in that county, and twenty-two of them live in the town of Shelburne, where Doctor Churchill lived. They would be called on at $3 a call, on the basis of my hon. friend's charge. Doctor Herbin lives at Lockeport, and a call from Lockeport on an Indian in Shelburne will cost $19, or at the rate of one dollar per mile. That is how the difference is made up. But my hon. friend is so keen to carry out this practice and accept recommendations, that he will displace an ex-service man who has given good service overseas and who has lived in the county all his life, in favour of a man who has lived there only five years and is not an ex-service man; and he will make that change without any inquiry as to the relative cost. In order to complete the comparison I will give my hon. friend a table of costs right straight through for visiting all the Indians living in Shelburne county who will be attended by this doctor.

Here is the return my hon. friend gave. I will give the number of Indians resident in each particular place, and the number of miles from Lockeport, and the number of miles from Shelburne. There are nine Indians at Barrington, thirty-six miles from Shelburne. One call on each Indian from Shelburne would be $324 a year. There are four Indians in Sable River, twenty-two miles from Shelburne. One call on each Indian would be $88 a year. There are twenty-two Indians in Shelburne town. At three dollars a call by Doctor Churchill, who lives in Shelburne, that would be $66 a year, or a total of $478 for Doctor Churchill to call on each Indian in the county once during the year. On the other hand, Doctor Herbin lives at Lockeport, away off from the largest number of Indians, who live at Shelburne. Lockeport is nineteen miles from Shelburne, where there are twenty-two Indians, and at a charge of one dollar per mile, for Doctor Herbin to call on these twenty-two Indians once during the year would cost $418. To call on the four

Indians at Sable River, eleven miles from Lockeport, would cost $44 a year. To call on the nine Indians at Barrington, fifty-five miles from Lockeport, would cost $495 a year, or a total of $957 for Doctor Herbin making one call during the year on each Indian. So I point out to my hon. friend that it is a pretty expensive practice that he has adopted of accepting recommendations from his colleagues or from people whom he considers responsible. Apart from the increased cost of administration I protest most vigorously against the replacement of a man of Doctor Churchill's standing in the community, and an ex-service man, by Doctor Herbin, who has been there a comparatively short time, and for no reason whatever so far as the minister has given any. But we can well imagine what the reason is, and it is costing this country a lot of money to carry out this parctice.

Mr. MURPHY: Again may I point out to the hon. member that he is basing his statement on figures which he himself has set up.

Mr. RALSTON: I beg my hon. friend's pardon; I am basing my statement on figures in the minister's own return.

Mr. MURPHY: The hon. gentleman will please not interrupt; I did not interrupt him.

Mr. RALSTON: I rise to a point of order, Mr. Chairman. It is that my hon. friend cannot make a misstatement of that kind. I am basing my statement on a return brought down by the minister himself.

Mr. MURPHY: I think the hon. member with his long parliamentary experience knows that he is not stating any point of order, but let that pass. I stated that he was basing his figures on an estimate of his own. While it is true that the department has a certain scale of fees for certain services rendered, nevertheless these doctors have all been advised, or if they have not all yet received the advice they will in the near future, that their accounts for the year must not exceed a certain amount. I may say for the information of the hon. member that a certain doctor was appointed by myself after this government took office, and as the accounts he sent in were too big his attention was drawn to it; still they came in too big, and his services were therefore dispensed with and another doctor was appointed in his place. When the hon. member makes the statement that this change is going to cost some $900 as compared with some $400 for the previous year, he is making a statement that can be substantiated only when the returns for the year are in, showing what the services actually cost. When the hon. member makes a definite statement that the costs will be so and so, and that it will cost the country so much more, he is making a statement which, I submit, is unfair. He is basing his statement upon figures before him and not upon accounts rendered.

Mr. RALSTON: I am basing my statement upon a return made by the minister. I am pointing out some glaring instances which my hon. friend cannot get over, and which returns this year or next year or any other year will not alter. To call a doctor in the town to treat an Indian in Shelburne, where Doctor Churchill resides, would cost only $3, but to call Doctor Herbin would cost $19. Any information the minister can bring down will not change the figures. The minister says there is some limit placed upon the fees charged by the doctors. What limit was placed upon Doctor Herbin when he took office with regard to his salary or emoluments?

Mr. MURPHY: If the hon. member had been listening carefully he would have heard my statement that instructions had been sent out to the different doctors throughout Canada—if they have not yet received them, they will—to the effect that their accounts must not exceed a certain amount for the year. I am not at the present time in a position to say whether or not instructions went out to the doctor mentioned by my hon. friend. The figure will be set at such and such an amount, and this country will not have to pay the sum mentioned by my hon. friend, or anything like it.

Mr. RALSTON: Will the minister be good enough to tell me, when his estimates are again under consideration, whether a sum has been set for Doctor Herbin's services, and if so when, and the amount?

Mr. MURPHY: I am informed that the figure has been set at $20 a month.

Mr. RALSTON: I wish to put on record a question I asked and the answer thereto as it appears in Hansard for the present session at page 389:

> Is the present incumbent on salary, if so, how much, and if paid on a fee basis what is the scale?

The answer is:

> The present incumbent is employed on the "call system" and is paid for services rendered on the basis of the department's schedule of fees quoted in part as follows: Visits—within 3 miles, $3 per call; outside 3 miles, $1 per mile one way, to cover transportation, professional attendance and supply of ordinary

remedies to all patients attended on trip; office consultations, $2 to include supply of ordinary remedies; surgical operations, as detailed in the schedule, etc.

In that answer there is not one word about a limit of any kind or description.

Mr. DONNELLY: It seems utterly ridiculous to limit the amount paid to a doctor each month. Is the government going to prevent the Indians from being sick or if they are sick will the government let them die without calling in a doctor? I did some work for the Indians two years ago, and I had some experience in this practice of cutting down fees. The department did not wish to spend too much. I have been called out to see Indians suffering from pneumonia, and then the Indian agent would tell the person in charge of the patient when I could be called in again. The result was that probably I would never hear from them again, or would be called to write out a death certificate. If the Indians are going to be sick they have to send for a doctor; the government or nobody else can say when they are going to be sick, how often they are going to be sick or how often they may need a doctor.

Mr. VENIOT: Oh, this government can.

Mr. DONNELLY: Oh, can they? The whole thing seems ridiculous.

Mr. BEAUBIEN: Can the minister tell me why the services of Doctor J. B. Cloutier of the Roseau River Indian reserve were dispensed with? Was it for the reason expressed by the hon. member for Antigonish-Guysborough, namely that when a Conservative government takes office all the Grits are thrown out?

Mr. MURPHY: I did not hear the hon. member's question.

Mr. BEAUBIEN: Why in the month of January 1931 were the services of Doctor J. B. Cloutier dispensed with?

Mr. MURPHY: I am informed Doctor Cloutier was paid on the call system.

Mr. BEAUBIEN: I believe that is correct.

Mr. MURPHY: As I said a minute ago, when I received a recommendation from a colleague or from some one in whom I had confidence that the services should be performed by a certain doctor or individual, I acted on that recommendation. While I have not the particulars before me, I assume that was what was done in reference to Doctor Cloutier.

Mr. BEAUBIEN: Will the minister tell me that one of his colleagues in the house from the province of Manitoba has told him that another doctor should replace Doctor Cloutier? Would he show me any correspondence to that effect from one of his colleagues in the government, or from one of the back benchers, in which class the Minister of Agriculture has qualified himself? Did such a man give him a letter, or ask him to dismiss Doctor Cloutier?

Mr. MURPHY: I have stated as clearly as my English would allow that I acted on the recommendation of a colleague, or one in whose judgment I had confidence. I have no letter from a colleague or a member of this house before me to-night in regard to that particular individual. I have confidence, however, in the judgment of a great many men who are not members of this house, and are not my colleagues.

Mr. BEAUBIEN: I think the minister would have fewer questions to answer if he did not take the recommendations of his friends who are not in the house, who have no first hand knowledge, and who probably make accusations which cannot be proven. Is it correct that the Indian agent when buying supplies or necessities for the Indians asks different people to give figures, or written tenders?

Mr. MURPHY: Generally speaking that is correct, but in isolated sections there may be only one source of supply.

Mr. BEAUBIEN: I am not speaking of isolated sections. It seems that certain merchants in certain towns are on preferred lists. The Indian agents ask those people to tender or to give a figure on supplies needed by the Indians. Can the minister inform me, so I may pass the information on to the merchants in my district, what procedure a man has to take to be on the preferred list?

Mr. POULIOT: Mr. Chairman—

Mr. BEAUBIEN: I should like to have an answer.

Mr. MURPHY: Yes. The agent buys supplies for the Indians in isolated communities from those who can supply or are close at hand. Certain of the larger supplies, such as bacon, tea and so on, are bought in wholesale quantities. With regard to some particular friends of his who desired to supply goods to the Indians, possibly my hon. friend had better inform them that when he can make representations such as he desires no doubt they will be carried out.

Mr. BEAUBIEN: I think the minister will admit that instructions are sent out to the Indian agents to ask certain people to give a price on certain commodities needed for the Indians. Do those instructions come from the minister, or from his deputy, or from a local political organization? I want to get into the ring myself; that is all I am looking for.

Mr. MURPHY: I think the hon. member has answered his own question, he seems so familiar with a procedure which possibly he has followed himself in the past ten years I fancy that the method that is being followed now is practically the same method as has been followed for the past ten years.

Mr. BEAUBIEN: For the minister's information, I may say that I have been a member of this house since December 26, 1921, and I have yet to ask for the dismissal of one person on political grounds. I hope he will remember that and let the officials in my district alone. No politician has the right to take the bread out of the mouth of any man, whether he be blue or green.

An hon. MEMBER: Or red.

Mr. BEAUBIEN: Or red.

Mr. RALSTON: Will the minister be good enough to give me the papers in connection with the removal of the Indian doctor at Shelburne? I moved for them some time ago, but they have not yet been brought down.

Mr. MURPHY: I shall be pleased to have them laid on the table as soon as possible.

Mr. RALSTON: Including the letter which limits the amount of pay Doctor Herbin is to get.

Mr. MURPHY: I do not think I stated a letter had been sent to this particular person.

Mr. RALSTON: I understand so.

Mr. MURPHY: I stated I was informed that a sum had been set not to exceed $20 a month, or $240 per year.

Mr. RALSTON: The doctor does not know it yet?

Mr. MURPHY: He may.

Mr. RALSTON: He will get a rude awakening.

Mr. BEAUBIEN: Will the minister also let me have the correspondence in regard to the dismissal of Doctor Cloutier of the Roseau River Indian reserve?

[Mr. Murphy.]

Mr. MURPHY: Any correspondence which can be properly brought down I will certainly have laid on the table.

Mr. WEIR (Macdonald): How does it happen that these individual Indians have accounts with the merchants of the various towns, if supplies are bought under tender by the agent?

Mr. MURPHY: Tenders are asked for by the department when the goods are purchased. If an individual Indian desires to purchase goods from a certain merchant, the agent simply takes upon himself the responsibility to pay the account, if he can obtain sufficient money for the purpose out of the proceeds of the crop.

Mr. WEIR (Macdonald): I have in mind an Indian purchasing something on his own account, apart from the agent altogether. In that case what portion of the money does he get under his personal control?

Mr. MURPHY: He may purchase his goods wherever he likes, the same as any other individual, provided he has the cash.

Mr. WEIR (Macdonald): Does he get some from the reserve?

Mr. MURPHY: He gets it either out of the proceeds of his crop, his treaty money, or the interest on his band fund.

Mr. POULIOT: If an appointment is made by the Civil Service Commission of one of the four candidates for the Cacouna Indian agency, will the minister be ready to accept it at once, or will he postpone its acceptance?

Mr. MURPHY: It will be a matter for consideration.

Mr. VENIOT: On September 5, 1930, Howard Brothers, supplying Indians, were notified by the superintendent or Indian agent at Fredericton to discontinue doing so. Will the minister let me know at a later date on whose recommendation the Indian agent was so instructed; and if tenders were asked for?

Mr. MURPHY: I shall be pleased to give the hon. member any information I can obtain in regard to the matter.

Mr. GARLAND (Bow River): In connection with the question of the purchase of coal on the Blackfoot reserve, I should be glad if the minister can explain to the committee why it is that in the case of fuel supplies for the agency tenders were invited from only two firms—one of them, Mr. William McConnell, not a coal dealer at all, while the other, the

Midland Collieries, is a long distance from Gleichen and from the reserve itself—when there are actually in the town no less than three regular coal dealers.

Mr. MURPHY: I have no first hand knowledge as to whether Mr. McConnell is a coal dealer or not, and no doubt the hon. member has fuller information than I have, but I have before me some of his account forms, which are headed; "William McConnell, Coal and Grain, Oils, Greases and Gasoline". This would convey to my mind at least that he is a dealer in coal. The Midland Collieries, I am informed, is one of the largest operators of coal mines in Alberta.

Mr. GARLAND (Bow River): Why are special persons only invited to tender? Is that a proper practice to follow?

Mr. MURPHY: It has been the practice in the department, I am informed, for many years.

Progress reported.

PRIVILEGE—MR. MACKENZIE KING

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I understand the right hon. leader of the opposition (Mr. Mackenzie King) during the sittings of the committee raised some question as to a report that appeared in this evening's papers. I am bound to say that my attention was directed to this report, and probably about the time the right hon. gentleman was speaking in the committee I was speaking to the chairman. He told me that the committee has not completed its report, that it is still meeting, that no report has been agreed upon, and that no information was given to the press by the chairman or the secretary of the committee. Obviously I have not interviewed the various members of the committee, for reasons that are apparent. I should like to assure the house that the information was not given to the press by either the chairman or the secretary of the committee, and the report is not yet completed.

That is the information I have received since the house met at eight o'clock, and I immediately convey it to the house because I think this house is entitled to receive information with regard to the report of any committee before it is given to the press.

On motion of Mr. Bennett the house adjourned at 11.05 p.m.

Monday, May 9, 1932.

The house met at three o'clock.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 75, for the relief of Ida Tarantour Waxman.—Mr. Heaps.

Bill No. 76, for the relief of Frances Helen Dawes Porteous.—Mr. Bell (St. Antoine).

Bill No. 77, for the relief of Minnie Jones Chandler.—Mr. Lawson.

Bill No. 78, for the relief of Elizabeth Irene Woolnough.—Mr. Bell (St. Antoine).

Bill No. 79, for the relief of Ellery Sanford Johnston.—Mr. Garland (Carleton).

Bill No. 80, for the relief of Farla Goldman Rother.—Mr. Jacobs.

RADIO BROADCASTING

REPORT OF SPECIAL COMMITTEE TO STUDY PROBLEM OF INSTITUTING CANADIAN SYSTEM

Hon. RAYMOND MORAND (East Essex): Mr. Speaker, I beg leave to present the second and final report of the special committee on radio broadcasting also a copy of the proceedings and evidence. Further, I wish to give notice that on Wednesday I shall move for concurrence. The report is as follows:

Monday, May 9, 1932.

The special committee on radio broadcasting has the honour to present the following as its second and final report:

In accordance with the duties and responsibilities delegated to us, and the terms of reference submitted, your committee met on March 8, and, since that time, held twenty-seven meetings, heard evidence, received briefs and submissions from fifty-three sources, including governments, individuals, corporations, associations, leagues and clubs.

Your committee was seized, from the inception, of the national importance and international character of radio broadcasting, and the evidence submitted has served to further consolidate our opinion of the far-reaching scope and benefits of proper, well-regulated broadcasting services throughout Canada, as a medium of education, thought-provoking development, and fostering of Canadian ideals and culture, entertainment, news service and publicity of this country and its products, and as an auxiliary to religious and educational teaching, also as one of the most efficient mediums for developing a greater national and empire consciousness within the dominion and the British Commonwealth of nations.

Your committee desires to express at the outset, to the present radio broadcasting stations, this tribute: That they entered as pioneers in a field of service in the art of radio, and, under trying handicaps and sacrifices, worthily kept pace with a science fraught with ever-changing improvements and development, and rendered this service under handicaps, which is most praiseworthy.

Your committee is convinced, however, that the present system, excellent as it is in certain respects, does not meet the requirements in quality and scope of broadcasting to ensure its maximum benefits.

Reference No. 1

"To consider the report of the Royal Commission on Radio Broadcasting, dated the 11th day of September, 1929, commonly known as 'The Aird report.'"

Your committee was fortunate in having the three members of the Aird commission appear before us to amplify and explain their report, and much valuable information was thereby secured, and, if we are unable to completely accept their findings, it must be obvious that there has been a great change in the science of radio broadcasting, and in the financial condition of the country, in the last three years.

Reference No. 2

"To advise and recommend a complete technical scheme for radio broadcasting for Canada, so designed as to ensure from Canadian sources as complete and satisfactory a service as the present development of radio science will permit."

Your committee recommends a chain of high-power national stations, operating on clear channels, located at suitable intervals, the location to be determined by a careful technical survey of Canada.

Your committee recommends that consideration be given to the use of five 50 K.W. stations, one in each of the following provinces of Canada, viz., British Columbia, Manitoba, Ontario, Quebec, and, in the maritimes, three 500 watt stations, one for each province, or one 50 K.W. station, as may be determined by the commission. In Saskatchewan and Alberta, we suggest two 5 KW. stations in each province, synchronized on a common channel. Further, a 10 K.W. station in northern Ontario and one in western Ontario, a 1 K.W. station at Port Arthur-Fort William, a 500 watt station in Toronto, and a 1 K.W. station at, or near, Ottawa, Montreal and Quebec.

Your committee further recommends a number of stations, of 100 watt power and under, operating on shared channels, located where required,—

(a) To serve areas not satisfactorily covered by the national stations.

(b) For secondary stations in areas where there is a demand for several channels to be in operation at the same time.

(c) For educational purposes.

(d) For legitimate experimental work.

(e) For local broadcasting of community interest.

Your committee further recommends that the cost of radio in Canada be self-sustaining and that only the money available from transmitters' and receivers' licence fees, and advertising income, be expended, and that the question of the amount of receivers' licence fees be left entirely in the hands of the governor in council.

Reference No. 3

"To investigate and report upon the most satisfactory agency for carrying out such a scheme."

Your committee recommends that a commission be appointed, consisting of three adequately-paid commissioners; a chairman to hold office for a period of ten years; a vice-chairman for a period of nine years, and the third commissioner, for a period of eight years.

That there be appointed an assistant commissioner in each province, who shall also act as chairman of such provincial or regional advisory program committees as may be formed; the assistant commissioners to be selected in consultation with the governments of their respective provinces.

Your committee further recommends that the commission be vested with the necessary powers to carry on the business of broadcasting in the Dominion of Canada, such powers to extend to the following matters,—

(a) To regulate and control all broadcasting in Canada, including programs and advertising.

(b) To own, build and operate transmitting or receiving stations in Canada.

(c) To acquire by lease, purchase, expropriation or otherwise, any or all existing broadcasting stations.

(d) To enter into operating agreements with privately-owned stations.

(e) To originate programs, and secure outside programs by purchase or exchange, and to make the arrangements necessary for their transmission.

(f) To determine the number, location and power of all broadcasting stations required in Canada.

(g) To control the issuing or cancellation of licences to broadcasting stations.

(h) To cancel the allotments of channels to any stations, or to make substitution of channels.

(i) To prohibit the establishment of privately-operated chains of stations in Canada.

(j) Subject to the approval of the parliament of Canada, to take over all broadcasting in Canada.

(k) To be vested with all other powers necessary or incidental for the fulfilment of the objects of the commission.

Your committee recommends,—

(a) That one of the first duties of the commission be the establishment of trans-Canada chain broadcasting through the securing of the necessary land-lines as soon as possible.

(b) That a nationally-owned system of radio broadcasting be instituted, and that all stations required for its proper organization be eventually acquired, same to be financed from the revenues accruing to the business of broadcasting, without expense to the taxpayers through the public treasury.

(c) That all stations, 100 watt and under, not required for the national system, remain under private ownership, but be regulated as to programs and advertising, by the rules of the commission.

(d) That all revenues obtained from licence fees, sale of advertisement, and other revenues accessory to the business of broadcasting, be used by the commission in the interest of radio.

(e) That advertising be limited to not more than 5 per cent of each program period.

(f) That the developing of Canadian art and artists, and the securing of outstanding programs from outside Canada, be encouraged.

(g) That the commission make available to the provinces, when possible, the facilities of national and chain broadcasting.

(h) That the commission make special effort to give such programs as will be acceptable to provincial and local requirements.

(i) That before making changes in Canadian radio broadcasting, the commission makes a complete survey of the present system, with particular reference to adequate coverage.

We desire to call attention to the extreme importance that the commission should not assume, or even be suspected of assuming, a political complexion. Your committee append hereto a copy of the proceedings, and evidence adduced before your committee, for the information of the house.

All which is respectfully submitted.

(Sgd.) Raymond D. Morand, Chairman,
W. A. Beynon,
Onesime Gagnon,
R. K. Smith,
D. McK. Wright,
P. J. Cardin,
W. D. Euler,
J. L. Ilsley,
E. J. Garland.

Right Hon. R. B. BENNETT (Prime Minister): The report tabled contains a recommendation for a technical scheme of broadcasting—pursuant to the terms of reference—which involved the employment of an increased number of channels of prescribed power, located within certain areas.

One of the outstanding difficulties in the establishment of a national system of broadcasting is that of coordinating the channels to be used with those used by neighbouring countries. Because of Canada's proximity to the United States, where a highly developed system of broadcasting prevails, this question of coordination and adjustment becomes one of peculiar importance. Having regard to this situation, and with a view to determining whether this recommendation of the committee could, in fact, be implemented without involving interference which would make it ineffective in practice, the chairman asked me, as Minister of External Affairs, to ascertain from the United States government if it was prepared to make such adjustments of channels in the broadcast band as would ensure the effective operation of the scheme. Thereupon, I requested the Canadian minister to initiate negotiations to that end. The notes which I shall read disclose the agreements which have followed upon these negotiations. I have only to add that the note of the United States government manifests a friendly desire to facilitate the effective development of the national project recommended by the committee.

The note from the Canadian minister to Mr. W. R. Castle, the Acting Secretary of State, Washington, dated Canadian Legation, Washington, May 5, 1932, reads:

Sir,

I have the honour to inform you that the Canadian House of Commons recently appointed a committee to enquire into the whole position of radio broadcasting in Canada. This committee has under consideration a technical scheme for broadcasting in Canada which it is considered will provide satisfactory coverage in the chief population areas throughout the dominion and at the same time make provision for the community service that may be desired. This scheme is divided into two distinct parts:

(a) A chain of high-power stations, operating on clear channels, and located at suitable intervals across Canada:

(b) A number of low-power stations of very limited range, operating on shared channels, and located as required for community service.

If this scheme receives the approval of parliament, it is proposed to use 50 K.W. stations, one in each of the provinces of British Columbia, Manitoba, Ontario, Quebec, and eventually one in the maritime provinces. In Saskatchewan and Alberta it is proposed to use 5 K.W. stations at present, two being used in each province, synchronized on a common channel. In Ontario there will be, in addition, two 10 K.W. stations, one in western Ontario and one in northern Ontario. Four smaller stations of one K.W. capacity each are provided for the Port Arthur-Fort William area, and for Ottawa, Montreal, and Quebec. In the maritimes, three 500-watt stations are provided for the present, one in each province. The scheme also includes a 500-watt station on the shared channels for the city of Toronto for local service.

In adopting this plan, Canada would reserve the right to increase the power of the stations in Alberta, Saskatchewan, northern and western Ontario to 50 K.W. each, should such increase become necessary.

The committee, in addition to considering the power required, propose the following channels as suitable for the main stations:

	K.C.
Prince Edward Island	630
New Brunswick	1,030
Nova Scotia	1,050
Quebec	930
Montreal area (1 K.W.)	600
Montreal area (50 K.W.)	730
Ottawa	880
Toronto area (500 watt)	1,120
Toronto area (50 K.W.)	690
Western Ontario	840
Northern Ontario	960
Port Arthur-Fort William area	780
Manitoba	910
Saskatchewan	540
Alberta	1,030
British Columbia	1,100

In order to ensure satisfactory local broadcast service throughout Canada, it is proposed that stations, limited to a maximum power of 100 watts, be erected where necessary, and that they should be operated on shared channels. It is considered that one hundred or more such stations may eventually be required in Canada, and that twenty channels should be available for this type of service. In establishing such stations, it is proposed to maintain the same geographical separation between Canadian and United States stations as is maintained between United States stations of the same power.

Due notification would, of course, be given of the effective dates of any changes in the present operation to conform with the above plan.

In the event of the adoption of the above arrangement, it is understood that if, as the result of the Madrid conference, any additional channels are made available for broadcasting, a further allocation will be made, as between the United States and Canada, on an equitable basis.

I shall be obliged if you will inform me at your early convenience whether the United States authorities can make the necessary readjustments so that these channels will be available for effective use in Canada.

I have the honour to be,
with the highest consideration,
Sir,
Your most obedient,
humble servant,
(Sgd.) W. D. Herridge.

To which Mr. Castle, Acting Secretary of State, replied under date of May 5, 1932:

Sir,—

I am grateful for your courtesy in informing me by your note of May 5, 1932, of the technical plan which is being considered by the committee of the Canadian House of Commons as a means of providing Canada with satisfactory radio broadcasting coverage. You inquire whether the authorities of the United States can make the readjustment necessary to render certain channels available for effective use in Canada.

In reply, I am glad to inform you that as notice is given from time to time of the dates of changes to be made in the present operations of Canadian broadcasting stations to conform to the plan set out, this government will be glad to make the necessary readjustments.

It is understood that, if as the result of the Madrid conference, any additional channels are made available for broadcasting, a further allocation will be made, as between the United States and Canada, on an equitable basis.

Accept, sir, the renewed assurances of my highest consideration.

W. R. Castle,
Acting Secretary of State.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

POLITICAL PARTISANSHIP INVESTIGATION

Mr. POULIOT:

1. Was Mr. Alphonse Garon, commissioner, in connection with charges of political partisanship, sworn before performing his duties?

2. If so, where, on what date and by whom?

Mr. CAHAN:

1 and 2. No, but subsequently on 21st October, 1931, at Rimouski, before Notary Marc Andre Filion.

DALHOUSIE, N.B.-MIGUASHA AND CARLETON, QUE., FERRY

Mr. MARCIL:

What were the traffic returns of the subsidized ferry between Dalhousie, New Brunswick, and Miguasha and Carleton, Quebec, for the years 1929, 1930 and 1931 respectively?

[Mr. Bennett.]

Mr. MANION:

	1929	1930	1931
Round trips	613	633	654
Passengers carried	6,756	6,388	2,531
Tons of freight	32	32	33
Automobiles	1,026	1,226	480
Live stock, including teams	not stated		166
Average per single trip—			
Passengers	5	5	2
Freight	52 lbs.	50 lbs.	50 lbs.
Autos	$\frac{5}{6}$	1	$\frac{1}{3}$
Live stock	–	–	$\frac{1}{8}$

UNEMPLOYMENT RELIEF—QUEBEC PROVINCE

Mr. GOBEIL:

How many requests made to the dominion Labour department by the provincial authorities of the province of Quebec, for works in the various municipalities of said province in 1931-32, pursuant to the Unemployment Relief Act, were refused by said department.

Mr. GORDON: All requests made by the provincial government for municipal works were approved by the Department of Labour and duly authorized by the governor in council.

MR. ISAIE SAVARD

Mr. LAFLECHE:

1. Is Isaie Savard, of Montreal, in the employ of the government?

2. If so, what is his occupation, his salary and by whom was he recommended?

Mr. RYCKMAN:

1. Yes.

2. Inspector in charge of undervaluation investigations at Montreal—salary $3,720 per annum from 1st May, 1932. Mr. Savard was formerly division chief, customs excise preventive service, grade 2, with headquarters at Montreal—salary $4,500 per annum. In the first instance his appointment was recommended by the late F. W. Cowan, chief, customs excise preventive service.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT TELEPHONES

Mr. SPOTTON:

1. How many telephones were in operation in all departments of the federal government on September 1, 1930?

2. How many telephones are at present in operation in the various departments of the federal government?

3. What is the saving per annum to the government by the reduction of telephone service?

ST. LAWRENCE DREDGING CONTRACTS

Mr. LAFLECHE:

1. To what companies in 1930 did the Department of Marine grant dredging contracts on the St. Lawrence, and for what amount, in each case?
2. To what companies were said contracts granted in 1931?
3. Will the department grant said contracts to the same companies in 1932?

UNOPPOSED MOTIONS FOR PAPERS

EDDY POINT, GUYSBORO COUNTY, N.S., LIGHTKEEPER

Mr. DUFF:

For a copy of all correspondence, telegrams, reports and other documents, passing between any person in the province of Nova Scotia and any official of the Marine department, relative to the dismissal of Austin Carrigan, lightkeeper at Eddy Point, Guysboro county, Nova Scotia; also a copy of reports of investigation and evidence taken by N. D. Murray in relation thereto.

ROCKDALE, N.S., BREAKWATER

Mr. DUFF:

For a copy of all paysheets, accounts, memorandums, letters and other documents, regarding the expenditure of money under the Unemployment and Farm Relief Act, 1931, in connection with extension to breakwater at Rockdale, Nova Scotia; also information as above in connection with the construction of a new wharf at Port Malcolm, Nova Scotia.

CARGO SAMPLES FOR TEST PURPOSES

Mr. MOTHERWELL:

For a copy of all correspondence, cables or other messages, exchanged between the Minister of Trade and Commerce or any of his officers and Mr. F. W. G. Urquhart, secretary of the Liverpool Corn Exchange Association, since January 1st, last, regarding the securing of cargo samples for growing test purposes in Canada.

WINNIPEG RUST LABORATORY

Mr. MOTHERWELL:

For a copy of the agreement between the government of Manitoba and the federal department of Agriculture relative to the construction, maintenance and manning of a rust laboratory in Winnipeg, about the year 1925.

CARGO SAMPLES OF WHEAT

Mr. MOTHERWELL:

For a copy of all letters, cables or other communications between the Dominion cerealist, Ottawa, and Mr. W. A. Wilson, London, England, relative to the securing of reliable cargo samples of wheat for growing test purposes.

WHEAT GRADING

Mr. MOTHERWELL:

For a copy of all letters, memoranda, instructions or other communications that may have passed between the president of the National Research Council and Dr. Newton, prior to the latter leaving for Europe and Great Britain in September or October, 1929, relative to grading wheat or other matters.

Mr. SPEAKER: In the absence of the hon. member for Skeena (Mr. Hanson) No. 8, may stand.

ARMS AND AMMUNITION

APPROVAL OF CONVENTION FOR SUPERVISION OF INTERNATIONAL TRADE IN MUNITIONS AND IMPLEMENTS OF WAR

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

That it is expedient that parliament do approve of the international convention for the supervision of the international trade in arms and ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the Hon. Raoul Dandurand on the 22nd September, 1925, and that this house do approve of the same.

He said: The international convention for the supervision of the international trade in arms and munitions together with a declaration regarding the territory of Ifni, was drawn up at a conference held in Geneva on June 17, 1925, at which Canada was represented by W. A. Riddell, the Canadian government advisory officer, Geneva.

The convention will enter into force four months after fourteen ratifications have been deposited by the signatory governments with the government of the French republic. So far, thirty-seven countries have signed the convention and thirteen ratifications have been received, but the majority of these are contingent upon ratification by the producing powers. Of the latter, the following have not yet ratified the convention: Austria, Belgium, Czecho-Slovakia, Germany, Italy, Japan and the United States of America. His Majesty's governments in the United Kingdom and in Australia have made their ratification contingent upon ratification by all producing countries.

The convention was signed for Canada by the Hon. Raoul Dandurand, on September 22, 1925. At this point it might not be inappropriate to read the opening of the convention:

Germany, the United States of America, Austria, Belgium, Brazil, the British Empire, Canada, the Irish Free State and India, Bulgaria, Chile, China, Colombia, Denmark, Egypt, Spain, Esthonia, Abyssinia, Finland, France, Greece, Hungary, Italy, Japan, Latvia, Lithuania, Luxemburg, Nicaragua, Norway, Panama, the Netherlands, Persia, Poland, Portugal, Roumania, Salvador, Siam, Sweden, Switzerland, the Kingdom of the Serbs, Croats and Slovenes, Czechoslovakia, Turkey, Uruguay Venezuela,

Whereas the international trade in arms and ammunition and in implements of war should be subjected to a general and effective system of supervision and publicity;

Whereas such a system is not provided by existing treaties and conventions;

Whereas in relation to certain areas of the world a special supervision of this trade is necessary in order to render more effective the measures adopted by the various governments as regards both the import of such arms and ammunition and implements of war into these areas and their export therefrom; and

Whereas the export or import of arms, ammunition or implements, the use of which in war is prohibited by international law, must not be permitted for such purpose;

Have decided to conclude a convention and have accordingly appointed as their plenipotentiaries:

The various persons representing the countries I have named.

Who, having communicated their full powers, found in good and due form, have agreed as follows:—

The first article deals with arms, ammunition and implements of war exclusively designed and intended for land, sea or aerial warfare. A description of what is included in that category is found at page 4 of the convention. It divides itself into twelve heads. Probably it would be inappropriate to take up the time of the house in reading them, but roughly they cover all forms of destructive implements and ammunitions, commencing with rifles, muskets and carbines and closing with tanks and armoured cars, and "arms and ammunition not specified in the above enumeration".

Then the convention deals with arms and ammunition capable of use both for military and other purposes. That is, it may be used for more than one purpose. Then it deals with vessels of war and their armament; then, with aircraft, assembled or dismantled, and aircraft engines. In category V we find gunpowder and explosives, except common black gunpowder, and arms and ammunition as specified. There is provision as to the supervision and publicity, the relative portions of chapter II reading as follows:

1. The export shall be for a direct supply to the government of the importing state or, with the consent of such government, to a public authority subordinate to it;

2. An order in writing, which shall be signed or endorsed by a representative of the importing government duly authorized so to act, shall have been presented to the competent authorities of the exporting country. This order shall state that the articles to be exported are required for delivery to the importing government or public authority as provided in paragraph 1.

Then there are further provisions looking towards the ultimate cessation of production of these weapons of war. I do not suppose however that the house desires me to read those provisions at length. Sufficient to say that having been carefully considered and signed by our representative in common with the representatives of the other countries I have mentioned, it only becomes effective if as and when the ratifications I have mentioned are made by the producing powers. As a matter of fact all the producing powers have not yet signified their approval, but at this time the matter becomes important by reason of the fact that the disarmament conference is sitting, and it was thought desirable that Canada should not longer await the action of other countries to take the steps I now suggest.

The real truth is that this convention has its origin in the covenant of the League of Nations. It will be recalled that article 23 of the covenant provides:

Subject to and in accordance with the provisions of international conventions existing or hereafter to be agreed upon, the members of the league . . . will entrust the league with the general supervision of the trade in arms and ammunitions with the countries in which the control of this traffic is necessary in the common interest.

On September 10, 1919, before the league had been able to take up the question, a convention for the control of the trade in arms and ammunitions was signed at St. Germain; the object of this convention was to ensure that the large stocks of war material accumulated by the various belligerents should not find their way into unsettled areas where they might give rise to trouble. These areas included, particularly, the greater part of Africa and certain regions in Asia, such as Arabia, and the shores of the Red sea and the Persian gulf. The provisions of the convention were stringent. No exports of arms to non-signatory powers was to be permitted and a measure of control under the league of nations was established. This convention, however, proved abortive, mainly because of its non-ratification by the United States who objected to control by a league of which she was not herself a member and to the prohibition of the sale of arms to non-contracting countries.

For several years the league endeavoured to secure the ratification of the convention by the United States and by other countries, but in September, 1923, the fourth assembly accepted the fact that no further progress in the matter was likely and it instructed the temporary mixed commission—a commission consisting of a number of individuals, and not representatives of states—to prepare a new convention in such a form as might be acceptable to the governments of all countries which produced armaments and they invited the United States to cooperate in this work. The temporary mixed commission pre-

pared a draft which was accepted as a basis for discussion at an international conference which met in Geneva on the 4th of May, 1925. The convention that I have mentioned was the result, and was prepared for signature, on the 17th of June, 1925. As I have just indicated, it has forty-one articles and is divided into five chapters, the object being to establish a general system of supervision and publicity for the international trade in arms and munitions and implements of war, and a special system is set up for areas where measures of this kind are generally recognized to be particularly necessary.

I think I have sufficiently indicated the general purpose of the convention. The summing up of the result of the convention was made by the president of the conference, M. Carton de Wiart of Belgium, in these words:

> We are able to present the world with a solid structure not built in the clouds, but founded upon the rock of solid realities. The reduction of armaments is not yet achieved, but an important step has been made towards it. For the first time, to use the apt expression of M. Paul-Boncour, the trade in arms is removed from the domain of private law and enters that of public law.

As it now stands the convention has been signed for thirty-seven countries but, as I have already indicated, it has been ratified by but thirteen, and of the countries ratifying it six have made their ratification subject to as yet unfulfilled conditions. The confident hope expressed by the president of the conference seven years ago has not yet been fulfilled, but it should not be said that any part of the responsibility for its failure to enter into force rests upon the Dominion of Canada.

We have not hitherto ratified the convention because independent and isolated action in this field seems futile. Concerted and simultaneous action by the great armament manufacturing countries is not only desirable, but fundamental. If the convention were to enter into force individual governments could hardly be expected to bind themselves to abstain from profitable traffic unless their competitors accepted a similar self-denying ordinance. In these circumstances it seems desirable that Canada should ratify the convention subordinating its ratification to the same condition as that made by His Majesty's governments in the United Kingdom and Australia, that is, the instrument of ratification would include a statement on these lines:

> This ratification is subject to the reservation that it shall not take effect until ratifications of the convention shall have become effective, in accordance with article 41, in respect of Austria, Belgium, Czechoslovakia, Germany, Italy, Japan, and the United States of America.

Being, in the language of the convention itself, the great munitions and ammunition producing countries.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I have nothing to add to what the Prime Minister has just given to the house except to say that, so far as the opposition are concerned, we are in accord with the government in thinking that this convention should be approved by parliament without further delay.

Motion agreed to.

Mr. BENNETT moved:

> That a message be sent to the Senate informing their honours that this house has adopted a resolution approving the international convention for the supervision of the international trade in arms and ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the Honourable Raoul Dandurand on the 22nd September, 1925, and request that their honours will unite with this house in the approval of the above-mentioned convention; and that the Clerk of the house do carry the said message to the Senate.

Of course, as I made it apparent to the house, this is subject to the reservation I have just mentioned when the ratification is exchanged.

Motion agreed to.

THE LATE PRESIDENT DOUMER

EXPRESSION OF SYMPATHY WITH THE REPUBLIC OF FRANCE

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I am sure the house will agree that it is altogether fitting that before we engage in the business of the day we should pause to express our very sincere and heartfelt sympathy with the Republic of France—a great and friendly power from whose shores the ancestors of so many Canadians sailed centuries ago—in the loss of a well-beloved president, Mr. Paul Doumer, who so tragically met his death by the bullet of an assassin.

President Doumer had celebrated his seventy-fifth birthday and was beloved and revered by all the citizens of the republic. It was, therefore, through no animosity to the man or to revenge a personal grievance that the assassin destroyed so precious a life; nor does it appear to have been the result of a plot planned by an organization to take the life of a great public servant. It was apparently the act of one who in brooding loneliness conceived the idea of assassinating the head of the state and thereby creating confusion and dstrust from which he hoped benefit

would accrue to his own country. In view of the repercussions of the act of an assassin in Serbia in June, 1914, one can readily understand the reasons why such hopes might be entertained.

President Doumer had a varied and successful career. He was the architect of his own fortunes and had risen from humble beginnings to become the chief citizen of the republic by the sheer force of his ability and character. In the world of business as well as politics he achieved success without the aid of any of those adventitious circumstances to which public men in the older countries are so frequently indebted. His rise in public esteem was not meteoric. He served in the chamber of deputies, of which he ultimately became the president. He was Governor General of Indo-China for five years, and added to his reputation by the wisdom and prudence of his administration. He was twice Minister of Finance. During the war four of his sons gave their lives for their country. He was elected to the Senate, and it was while president of that body that he was chosen to be the chief executive of the French republic. Although but a short period president, his charm of manner, the benevolence of old age, the sorrow he had endured, and his simple, exact life and democratic conduct of the great office which he held secured for him the affectionate regard of the French people. A lover of peace, a devoted friend and benefactor of those who had survived the conflict of the Great war, as I have said, he was beloved as a man of the people who interpreted to them the genius of his race.

Canadians of all races and creeds, mindful of the ties of sentiment, both ancient and recent, that connect the national life of our dominion with that of the Republic of France, will sorrow with their citizens in the loss of the distinguished head of their nation, and extend to them the sincere sympathy that springs from long and devoted friendship.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, on behalf of the opposition I should like to join warmly with the Prime Minister in what he has just expressed of appreciation of the character and high attainments of the late President of the French republic, and of the great personal and family sacrifices made by him; and also in what the Prime Minister has said on behalf of the government and people of Canada to the government and people of France by way of sympathy in their great national bereavement. The crime to which reference has been made has shocked the entire world, but I think we can honestly say that in no portion of the globe has that crime served to bring forth a truer expression of sorrow or more genuine sympathy than in this country, which in addition to bonds of friendship is united so strongly by ties of race and language to the Republic of France.

Mr. ROBERT GARDINER (Acadia): On behalf of the group in this corner of the house may I be permitted to join with the Prime Minister and the leader of the opposition in expressing to the people of France, our sorrow in their great loss.

DEPORTATION CASES

ARRESTS AND PROCEEDINGS UNDER PROVISIONS OF IMMIGRATION ACT

On the orders of the day:

Mr. J. L. BROWN (Lisgar): I should like to direct the attention of the Minister of Justice (Mr. Guthrie) to two facts that have come to our notice since we discussed the question of these deportations the other day. The first is that it is stated that the warrants on which these men were arrested were signed on December 5. On the basis of that statement I should like to ask if it is the custom in the Department of Immigration to issue these warrants to the police in blank, to be used by them at their discretion. It does seem to us, who are not familiar with these matters, that this is not a very proper procedure. The other statement is that the instructions for the hurrying away of these men from Winnipeg to Halifax were issued by the commissioner of police in Ottawa. Certainly these two facts bring the matter under the jurisdiction of the Minister of Justice, though the other day we seemed to attach all the blame to the Minister of Immigration.

Hon. HUGH GUTHRIE (Minister of Justice): When a request is made by the Department of Immigration for a warrant to take any person into custody, I do that as a ministerial act; I grant the request. That is the only knowledge I have of the matter.

Mr. BROWN: What about the instructions from the commissioner of police to hurry the men away?

Mr. GUTHRIE: That is attended to entirely by the Department of Immigration. The act provides that these men shall be taken into custody on a warrant signed by the Minister of Justice, and when I receive such a request I grant a warrant purely as a ministerial act.

INQUIRY FOR RETURN

On the orders of the day:

Mr. THOMAS REID (New Westminster): On March 14 last an order of the house was passed for a copy of all correspondence in connection with expenditures made by the New Westminster harbour commissioners under a loan authorized by the house last year. I should like to ask the minister when I may expect that return.

Hon. ALFRED DURANLEAU (Minister of Marine): When the order of the house was issued the request was forwarded to the New Westminster harbour commission, and I am told that since then we have repeated that request two or three times. Recently a wire was sent asking for the information, which we expect to receive any day now.

Mr. REID: The reason I am asking is that this loan was made under the authority and supervision of the Department of Marine, and I should think a copy of those expenditures would be on file in Ottawa.

Mr. DURANLEAU: We did not receive any report with regard to the expenditures; the loan only was authorized by this house.

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

Hon. W. A. GORDON (Minister of Labour) moved the second reading of Bill No. 72, respecting relief measures.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, this is the fourth measure to be introduced by the present administration, since coming into office, with respect to unemployment relief. The first was the Unemployment Relief Act of 1930; the second was the Unemployment and Farm Relief Act of 1931, the third was the measure passed a little earlier in this present session, known as the Unemployment and Farm Relief Continuance Act of 1931. The present measure is designated as the Relief Act of 1932.

These various measures have had one characteristic in common; each has departed more widely than the previous one from the observance of the rights and powers of parliament in the matter of legislation, and in turning over those powers to the governor in council. The first measure named the large sum of $20,000,000 for the purposes of unemployment relief, and that sum was appropriated in very general terms. The period for which that amount was appropriated extended beyond the period of the fiscal year. In those three particulars, in the failure to limit the time for which the amount was voted, the failure to designate specifically the particular purposes for which the money was voted, and the giving to the governor in council of a more or less free hand in the expenditure of public money, over which parliament had little or no control, the legislation was subversive of the rights of this house.

The next measure went a step further by according to His Excellency in council the power to legislate with respect to peace, order and good government. When the present resolution was introduced, I mentioned that fortunately, and, I believe, wholly, as a result of the strong representations that were made by the opposition against the government usurping the powers of this house in the matter of legislation, that particular provision had not found its way into the measure now before us. But there is a new feature in this measure which will come as a great surprise, especially to those who may not have studied the bill with care. It is that the powers which are given to the governor in council—and they are very extensive, going much beyond the mere relief of unemployment—may be exercised notwithstanding the existence of any statute or law. I must confess that I think this is going very far indeed, particularly, when by reading the provisions of the act itself, it is apparent, as I have said already, that the measure relates not merely to the relief of unemployment but also to matters affecting the credit of Canada, even going the length of giving the governor in council power to give financial assistance and guarantees to corporations. That power is a very large one, and who is there who can say to what lengths it may be exercised. The fact that the proposed legislation states that it may be exercised notwithstanding the provisions of any statute or law makes one rather wonder whether all legislation that has been passed by parliament in the past for the protection of the people is not, as far as this provision goes, being wholly over-ridden by the powers we are now asked to confer upon the governor in council.

I have spoken so often of the subversive character of legislation of this kind, that I do not think it necessary to repeat at this time what has been previously said, but by way of emphasis I should like to draw attention to the language of the preamble, which demonstrates as clearly as words possibly could the difference in point of view between those of us who have been opposing certain provisions of

the several relief measures that have been brought in, and the government which has sponsored them. There has been no difference between us as to the principle of voting unemployment relief. We on this side from the outset have held that we were prepared, subject to the government advising us that in their opinion certain sums of moneys were necessary for relief purposes, to vote those sums as speedily as could be reasonably expected. We have recognized the necessity of federal relief in an emergent situation, such as exists at present, and we have been prepared to accept the government's word, upon its responsibility, as to the amount which might be necessary to meet the situation. But we have insisted that the government should give some statement to parliament as to the amount necessary, and specifically to designate, as far as might be possible, the objects on which public moneys were to be expended under the act.

May I read the preamble which, while it has little or no value as part of the enactment, nevertheless helps to disclose in terms the intent of the government in regard to the legislation:

Whereas by reason of the prolonged world wide economic depression, recovery to a more normal economic condition has been retarded in the Dominion of Canada; and whereas the provinces require assistance in carrying out necessary relief measures and to meet financial conditions as the same may arise; and whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as the governor in council may deem expedient; and whereas it is necessary to make special provisions to deal with the situation in the national parks of Canada and in the drought stricken areas of the province of Saskatchewan; and whereas for these and similar purposes the powers necessary to insure the speedy and unhampered prosecution of such relief measures and the maintenance of the credit of the Dominion and the provinces thereof should be vested in the governor in council: Now, therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

The clause in the preamble to which I wish to direct attention particularly is the one which reads:

And whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as the governor in council may deem expedient.

I cannot more clearly bring out what we on this side have in mind than by saying that the government in that statement has mistaken the functions of the governor in council and of parliament respectively. A correct statement of the constitutional position would be that the governor in council, in a matter of this kind, should act in accordance with the wishes of parliament rather than that parliament should act in accordance with the wishes of the governor in council. May I re-read the paragraph as it is, and then as I think it ought to read:

It reads:

And whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as the governor in council may deem expedient.

The paragraph should read:

Whereas it is in the national interest that the governor in council should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as parliament may deem expedient.

Parliament is the body that must decide what is expedient and what should be done, and any power the governor in council may have must be derived from parliament. But here is a statement in the king's English to the effect that it is not parliament that shall decide what ought to be done, and which gives to the governor in council power to act with an authority with which parliament alone is vested. In other words, when this clause is read in conjunction with the main enactment of the measure, which gives the governor in council power at his discretion to take from the consolidated revenue fund whatever moneys may be necessary for the purposes of the act, parliament becomes simply the endorser of a note which the governor in council may make to any amount for the purposes named in the legislation.

If that is not subversive of the powers of parliament, I cannot imagine anything that is; and when we consider that it relates to vast expenditures of public moneys over which obviously parliament should have complete control, we see how entirely subversive of all the legislative rights and powers of parliament it is.

May I go a step further and direct the attention of the house to another clause of the preamble:

And whereas for these and similar purposes the powers necessary to insure the speedy and unhampered prosecution of such relief measures and the maintenance of the credit of the Dominion and the provinces thereof should be vested in the governor in council.

I submit that the powers that are necessary to ensure the maintenance of the credit of the Dominion and of the provinces are

powers which are vested, under the constitution, in this parliament, and that they should not, and legally cannot by any enactment of this house, under our constitution as it stands, be transferred, in the words of any statute, to the governor in council, and vested in that body.

A great deal has been said by hon. gentlemen opposite with respect to the supremacy of parliament. They have argued, and I think quite sincerely from their point of view, that parliament is supreme and can make any enactment it pleases. In a broad sense, I admit that unequivocally. But I do submit that there is one difference between the supreme power of the parliament of Canada and the supreme power of the parliament of Great Britain, where the words relating to supremacy would apply without limitation, and that is that in so far as Canada is governed by a written constitution, whatever supreme powers this parliament may have are limited by the terms of that constitution. The constitution may be amended so as to alter or amplify existing powers but so long as they are set forth in specific terms as they are, we are bound by them. In Canada, we are governed, in the main, under the provisions of the British North America Act. Parliament has not the supreme power to go contrary to any provision that is set forth in that act. The British parliament, having no written constitution, might, if it so desired, enact any measure provided it could obtain approval from the majority, and in so doing it would be acting constitutionally. But that is not equally true of this parliament. This parliament has not the power constitutionally to go beyond the terms of the British North America Act with respect to anything in which its powers may be clearly defined therein. These powers, as I have said, it may alter by having the act amended, which it has power to have done, but it is bound meanwhile by the provisions of the act as they are. In the British North America Act there is a distinct division between the legislative powers, the executive powers and the judicial powers. There is also a clear distinction between the powers of the government with respect to federal matters and with respect to provincial matters. Is there a single member of this house who would suggest that because this parliament is supreme, it would have the right to legislate on any matter coming under the head of those which are exclusively assigned to the provinces? It would be immediately asserted that we have no such powers because those powers have been assigned to the provinces. In order to bring the matter immediately into relationship with the bill now under discussion let me ask; would any hon. member suggest that powers which, under the British North America Act, with respect to legislation are especially assigned to the House of Commons, the Senate and the King's representative could by any statute of this parliament under the act as it stands be vested in the judiciary of this country? I do not think anyone would suggest that. Well, I submit that there is no more power to vest in the executive the legislative powers given under the British North America Act to the House of Commons, the Senate and the King's representative in this country than there is to vest them in the judiciary. All that this parliament can do is, within the limits of its legislative powers, to give certain rights to the governor in council in the nature of administrative powers, but not powers to legislate in the sense in which that power is specifically assigned to parliament by the act. It is the fact that in this proposed enactment the government is taking to itself power not merely to administer laws passed by parliament but to legislate in the stead of parliament that causes us to take the exception we do.

What I have just said answers completely whatever hon. gentlemen opposite may say as to the rights of the majority. The majority certainly has rights that can be exercised so long as they are exercised within the terms of the constitution of a country, whether it be written or unwritten. But the majority, simply because it is a majority, has no right to go beyond the language and intent of the written constitution of the land. The same is true with respect to the application of closure in regard to enactments. Closure has a proper place with respect to measures which may be brought before parliament, namely, to see that a measure that is appropriately and properly before the house is not unduly obstructed. But the closure cannot properly be used to prevent a house of commons from seeing that the constitution itself is not being undermined by any measure that may be under consideration. It is because the most important of all the achievements under British government has been the final and complete control of the Commons over all grants that it may make, over taxation, and the right and power of the commons to follow to the last degree the control of public expenditure, that we on this side feel so strongly about not parting with so fundamental a right even, as an exception, in connection with a measure which may relate itself to so important a question as the relief of unemployment. It is not as though the relief of unemployment could not be effected by constitutional means

quite as well as by unconstitutional methods; it would be all the more effective if it were carried out in a constitutional way.

There is a further reason why at this time, with the knowledge we have of the manner in which this power has been exercised in the last two years, we should be even more guarded in giving it anew to the administration. I shall not go into the different orders in council that have been passed; I shall refer to only one which has already received some discussion in the house and in the committee on railways and shipping. I refer to an order in council whereby a sum amounting to something like one and one-third million dollars was appropriated for the purchase of railway ties. We were told by the Minister of Labour (Mr. Gordon) that this was a relief measure carried out under the provisions of the Relief Act. Regarding it as a measure under the relief act, we asked for particulars as to the manner in which contracts for ties had been given, to whom the contracts were given, how much was paid and the like. We were denied by the government the right to obtain the information for which we asked. It was asked for in the form of a return; the government and its followers voted down the motion for the return, and in support of their action the Minister of Railways and Canals (Mr. Manion) said that this was a matter which came more or less under the control of the Canadian National Railways and that they would not wish the information we were requesting disclosed. Recently the subject came up in the committee of railways and shipping, and there the information which was refused here was asked for. The chairman of the committee, one of the government supporters, gave as his ruling that the information could not be supplied before the committee, but that it could be secured in the house. As his reason that it should not come before the committee, he stated that it could be supplied in the house, though he himself was one of the number who voted against giving the information to the house. I think I am right in saying that when the matter came before the committee the vote was very close, and it was the vote of the Minister of Railways himself which decided the matter in a way which made it impossible for it to be discussed in the committee.

Mr. MANION: May I interrupt my right hon. friend for a moment? I do not wish to interrupt him unduly, but I think he is unfairly stating the case as it came before the committee. The final vote in the committee was as to whether this information should be given. My recollection—and I am speaking from memory—is that the chairman took the attitude that the house had refused the information and the committee could not give it. The chairman gave the ruling. I did not vote at the beginning. The hon. member for Provencher (Mr. Beaubien) called attention to the fact that I had not voted, and since I was asked to vote I voted to support the chairman's ruling.

Mr. MACKENZIE KING: The hon. member has just said that his impression is that the chairman gave the ruling that as the information had been refused by the house, it could not properly be given to the committee.

Mr. MANION: That is my recollection.

Mr. MACKENZIE KING: He further says that he voted in accordance with the chairman's ruling. Page 87 of the report of the special committee on railways and shipping indicates exactly what took place, and in a sentence or two these are the words showing what transpired:

> The Chairman: If they are under unemployment relief, I do not think we have a right to go into them. Do I understand, is it alleged that this is unemployment relief money?
> Mr. Munn: Yes.
> The Chairman: It is quite outside the jurisdiction of this committee You can get that information in the house.

What the chairman said was not that the house had refused it, but that it could be got in the house. He continued:

> I think the minister has so stated, and that the railway company was authorized out of unemployment relief funds to purchase 2,000,000 ties; and a certain sum was allocated for that purpose, but no matter under that has been referred to this committee, and it is not in this reference.

Mr. MANION: I do not think that is the opposite of what I said. I think it is what I said to this extent: that it was the ruling of the chairman that the matter was not for the committee. In his opinion it should come before the house.

Mr. MACKENZIE KING: My hon. friend's remarks will appear on Hansard. His statement was that he understood that the chairman took the position the house had refused the information and it could not properly come before the committee.

Mr. MANION: That is my recollection.

Mr. MACKENZIE KING: As a matter of fact the chairman stated to the committee that the information could be got in the house. Surely, accepting the position as it is beyond all cavil that it has been impossible

to get this information either in the house or in the committee, the only two bodies from which it is possible to obtain it, are we at this time, with that knowledge before us, to repeat what we were asked to do before this action was taken, namely, to give to the governor in council a completely free hand to make public expenditures in amounts totaling $1,000,000 at one time, when we know in advance this parliament may be deprived of all opportunity of tracing those expenditures as they should be traced to the last dollar? I may be incorrectly informed, but I believe, first of all, it is true that no tenders were called for with respect to the purchase of these ties. There is on the statutes an act which requires, with regard to the expenditure of public moneys on public works by the government, that where the expenditure runs beyond $5,000, tenders must be called for; that is a statute which has been enacted to assist in securing control over public moneys and to prevent political interference. But in this matter of the contracts, that statute has been set at nought by a subterfuge, if you like; nevertheless it is the expenditure of public money voted by this parliament for relief purposes and used as such. Moreover, it has been stated, and I imagine on fairly reliable grounds, that great pressure was put upon the Canadian National Railways to accept certain contractors. Not only was political pressure brought to the point of compelling the railway company to accept as contractors, persons who were designated and to give the contracts to them, but the contractors to whom the contracts were given were practically all immediate friends of the administration, and the railway company was simply told that those persons were to get the contracts and the contracts went to them. Not only were there no tenders, but as I say, the impression abroad is that the officers of the company had pressure put upon them to award these contracts to definite persons named by the minister himself.

Mr. MANION: I deny that there was pressure, but I will deal with the question after my right hon. friend is done.

Mr. MACKENZIE KING: I want to make it clear that the impression that is abroad in this country at this time is that the minister himself brought pressure to bear on the officers of the Canadian National Railway Company to make them award some of these contracts to individuals whom he named and designated, and that the greater part of this one million dollars expended under unemployment relief went to pay contractors for these ties, to award them contracts which had not been the subject of tender at all. More than that, I understand that some of these contractors are men who have had nothing to do with the business of ties or lumber or timber in any form. I may be wrong in that, but I think where impressions of the kind are abroad some committee should at least have the opportunity of going into the matter very fully. That is all I will say on that at the moment, but I do say that with that example of how this one sum of over one million dollars has been dealt with by the governor in council we should hesitate, in fact, refuse altogether, if that were possible, to give to the governor in council any further discretionary powers to take out of the public treasury whatever sums it wishes for the purposes named in the act and to deal with them as it may think best.

May I mention another reason why I think at this time great caution should be taken in giving the government this power? The proposed enactment provides that its provisions shall not expire until March 31, 1933, and there is a provision that if parliament is not in session then, we shall have to wait till a subsequent parliament before we get any report upon how the expenditures have been made and as to what expenditures have been made under the act. Here again one can only surmise as to possibilities. One has heard the rumour at different times that before March, 1933, we may have a general election in this country, that after the Imperial economic conference certain bills may be brought into this house and placed before parliament for enactment, and subsequent to that session, if not before, an appeal may be made to the country. At any rate at the next session of parliament we have been promised that a measure dealing with redistribution will be brought in, and again, if I am not mistaken, there is the probability that parliament may assemble again this year in the month of October or November, that the next session of parliament will be one held partly before the Christmas recess and partly after. Now what does that mean in relation to the legislation that is before us? If by any chance, parliament should meet early or at any time in the fall and conclude its labours by the middle of March and the government should then decide to have a general election, the government will have in its possession under this legislation blank cheque authority to take from the consolidated revenue fund of Canada whatever funds it may desire for the purposes mentioned in this enactment. I ask hon. gentlemen opposite just how they would have felt if on the eve of a general election

the government which was in office at the time of the last general election had got from parliament the authority of a blank cheque to expend whatever sums of money it might wish to expend during the period of a general election so long as it was possible to designate the amount so spent as having to do with unemployment relief? I do not wish to say that any such motive is in the mind of the administration, but I do say that as leader of the opposition it is part of my duty to point out all possibilities. As the Prime Minister himself has said repeatedly the lives of governments are uncertain. The lives of all of us are uncertain, and no one can say what change may come at any moment with respect to the administration of public affairs in any country. It is therefore part of the obligation of an opposition, where a possibility of the kind exists, to draw attention to it, and I am doing so for that reason and because I think it is unfortunate that a measure that has to do with a great question like unemployment relief should be so framed as even to afford the possibility of grounds for any suspicion of the kind.

But I will not go so far afield as the probability of a general election before any report is made upon this measure. We all know that within this very year a number of provincial elections are likely to take place. In all probability there will be elections in the two prairie provinces and British Columbia and possibly in one other province of this dominion. Now this legislation gives to the government power to enter into agreements with any of the provinces on this question of unemployment relief, power to make any agreement it pleases. It gives the government an absolutely free hand as respects the agreements to be made. I submit, Mr. Speaker, that the proper course would be this, that the government should before this parliament prorogues, make its agreements with the different provinces and bring those agreements to this House of Commons for its approval before they become operative. That is the proper method in such cases of keeping control on the part of the commons over the expenditure of public moneys, and I say that that is done as a matter of principle in the case of most agreements that are made. We have had agreements here respecting the natural resources. No one ever thought of leaving to the governor in council the power to make whatever agreement it pleased with any province and with no obligation to submit the agreement in the first instance to parliament. But in this legislation the government is asking that we should give them power to make any agreement they please, and not submit the agreement to parliament for approval at any time. I again suggest, Mr. Speaker, that the government should reconsider this phase of the matter. There is still some little time before parliament will prorogue, and the government could and should make what agreements it deems advisable with the provinces and submit those agreements to this House of Commons for its approval before effect is given to them.

Those are only some of the objections. There are others that will be dealt with when the measure is in committee, but before concluding I want to draw attention to what seems to me, next to the fundamentally wrong and subversive method of proceeding, to be the worst feature of this measure.

The measure, in a word, is a confession on the part of the administration of complete failure to deal with the question of unemployment relief in any constructive way. It is more than that. Not only does the measure make clear that the government, although it has been in office now for nearly two years, and has been dealing continuously with unemployment relief in that time, has no policy whatever with respect to unemployment relief, but it makes plain that as a substitute for a policy the government has fallen into a condition of things which the right hon. leader of the government himself said would be deplorable and which should never exist in this country, when he was stating his views to the electorate of Canada at the time that he was appealing to the electorate for its support. This measure is clearly one which substitutes a policy of doles for any constructive policy of work. The administration appealed to the people of Canada, in so far as its appeal related to the question of unemployment, and that was its main appeal, on the ground that if returned to power work would be provided; and more than that, that there would be no dole. Nothing could be clearer than the words of the present Prime Minister in that regard. That this measure is one of doles in substitution for work cannot be denied after what the Minister of Labour himself has told us of the purposes of the government. I have asked on two occasions concretely as to whether the government was giving up entirely the providing of work out of relief moneys, and his reply each time has been that in so far as there is a program existing at the present time of works that have to be completed, naturally the government will continue to contribute towards the completion of that program, but that apart from that, the intention is that the money

shall be used for relief only. He has said that the government may make loans to the provinces. He has said further that any money other than loans given to the provinces under this legislation, any money given in the form of direct contributions, will be for immediate and direct relief. In other words the contributions will be in the nature of doles. The fact that the provinces suggest that this course be taken does not justify the government in presenting such a policy to the house. The Prime Minister has said that all the provinces wanted was his government to have this blank unlimited authority to enter into any agreement he might like. Naturally they would like him to have at his disposal unlimited amounts of money to contribute to them from the public treasury. But, should the provinces be encouraged in a step which once engaged upon would be as fatal to them as it has been to this administration in the short time it has followed that course. Far from endorsing the argument that the provinces have wished a certain course to be pursued, this government should point out to the provinces how a blank cheque and unlimited authority is certain, in the long run, to be fatal to the public treasury.

As I have said, the minister has stated clearly that this government has no policy other than that of giving relief to the provinces in the form of contributions or doles. Such a policy or rather lack of policy, is in direct opposition to statements made by the Prime Minister as to what the government's policy would be in the event of his party being returned to power. I should like again to place on the record some very clear statements of policy made by the Prime Minister in the course of his appeal to the people.

At Victoria, according to the Colonist of June 17, the present leader of the government spoke as follows:

> You have my promise that if the Conservative party is returned to power that as soon after July 28, as possible parliament will be called together to deal with the problem of unemployment by providing, not doles, but work—

Then in brackets there is the word "applause". The present Prime Minister continues:

> —and that legislative action will be taken to bring about the future security of our country and the well being of its people . . . we cannot tolerate the dole. Men and women of this country want work, not charity . . . is there any excuse for Canada to have hard times if the government is discharging its duties as it should?

Then at Halifax on July 3, as reported in the Halifax Herald of July 4, he said:

> If the Conservative party comes into power on July 28, I propose at the earliest moment to call parliament together so that we may find a speedy remedy for the situation and decide on means to provide work for Canadians. Work, I said, not doles.

At Moncton, according to the Canadian Press report of July 10, the Prime Minister said:

> The Conservative party is going to find work for all who are willing to work, or perish in the attempt. It is going to call parliament at the earliest possible date after July 28 and take such steps as will end this tragic condition of unemployment and bring prosperity to the country as a whole . . . Mr. King promises consideration of the problem of unemployment. I promise to end unemployment.

Nothing could be more definite than those statements to the effect that the policy of the Conservative party would be one of finding work for everybody who needed it. Not only was that the policy, but there was a definite promise that work would be secured. In presenting this legislation to the house the government has deliberately thrown overboard any further attempt to provide work, and has gone back completely on the promises which helped to place it in office. Legislation of that kind is not worthy of the support of any hon. member in this house, and particularly of those who were returned to parliament by virtue of pledges given in the emphatic words I have just quoted.

In view of the position the government has taken, the obligation rests on the present administration to find means whereby the unemployment situation may be relieved, not by doles but by work. I submit up to the present time not only has the government failed to implement its promises in these particulars, but, what is worse, by its policies of trade restriction, trade prohibition, making trade in some commodities well nigh altogether impossible, it has made even more difficult than otherwise would have been the case the efforts of a great proportion of the people in Canada who are unemployed to find work.

If it were not for the fact that already we have stated our position so often and so emphatically I should feel that before permitting this measure to pass second reading the official opposition should continue to put forward the most strenuous efforts to bring the government to a consciousness of its limitations and its errors; to see if even yet some means of a constructive character might not be found to deal with the existing situation. Had we not expressed ourselves so often and been so often denied our requests we might try to find out whether or not even yet the government might not be willing to entrust to some

commission of experts the problem of handling for the next year on behalf of the federal government the further millions which may be required for unemployment relief, especially when by its own confession the government has discovered it has not been able effectively to deal with this matter. We realize however that already the government has made it clear that even if the instrument of closure has again to be invoked every means will be taken to put through this legislation in the form now presented, for those reasons I cannot see that any useful purpose would be served by occasioning in regard to this measure a protracted debate at this stage of the session. I do say however as emphatically as words will permit, that we re-emphasize every objection we have made to this blank cheque and blanket authority method of procedure, and particularly do we express surprise and chagrin at the government's confession of incapacity and impotence in dealing with this all important question of unemployment relief as evidenced by this legislation.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I had no intention of taking part in this debate. In fact, I had expected to meet people in my room, and would not have been in the house had not my right hon. friend (Mr. Mackenzie King) discussed the tie situation. However, there has been so much talk about that matter that perhaps a statement from myself, which I have given very briefly on other occasions, might well be placed before the house.

The right hon. gentleman has made a number of statements which are not correct. I do not say he has made them intentionally, but at the same time they are not according to the facts. At least some of them are inaccurate, and some carry implications which, owing to conclusions which could be drawn from them, might not only do serious damage to the Canadian National Railways but, if correct, would constitute a clear criticism of this government, not in my view, justified by the facts. For instance, he said no tenders for ties were called this year. That is quite correct but easily explained. Due to pressure from various parts of the country to the effect that the lumber men were very badly in need of work, at our request the Canadian National Railways purchased 2,000,000 ties. At first the railways took the attitude that they required no ties. In fact, if the truth is known they bought so many in the two years immediately preceding the election, at a time when my right hon. friend was leader of the government, that they were well supplied, did not require any more, and do not now require them.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: It must have taken a lot of political pressure to make them buy the extra millions.

Mr. MANION: It took pressure in this way; we had representations from all over the country, with the exception of Prince Edward Island, that to relieve unemployment it would be helpful to order two million ties for which the unemployment and farm relief fund would pay. It is true that in past years tenders were called for, but no attention whatever was paid to the prices put in the tenders; for both the Canadian National and the Canadian Pacific in all past purchases of ties fixed the prices themselves, as they did this year. I say now that the Canadian National fixed and are paying a lower price this year than they have in any year since 1923.

Mr. RALSTON: And for every other commodity.

Mr. MANION: Perhaps for every other commodity, but it is rather strange that although many other commodities were coming down in price until my hon. friends opposite went out of power, yet the prices of ties were holding pretty well. That is a fact. So the Canadian National Railways dealt largely with the people who had been handling tie contracts, and they let the contracts, as they have always let them in the past, without paying any attention to requests for higher prices; the Canadian National fixed the prices themselves and made the contracts themselves, and this government had nothing whatever to do with the letting of any contracts or the fixing of prices. In view of the fact, as I have said, that these ties have been secured at a price lower than any paid within the last ten years, I do not see what advantage there would have been in calling for tenders.

Mr. VENIOT: Did not the order in council fix the price?

Mr. MANION: No. The order in council stipulated a maximum price of sixty-five cents, because that was about the average price in the previous year; but the Canadian National management placed the price at fifty-two cents, which was thirteen cents lower. In fact the price this year is so low that this very day I have received from a big lumber man in Port Arthur, E. E. Johnston, a statement that he had no intention of carrying out his contract because nobody can do so this year without losing money. That is the condition brought about by the Canadian National management. I am not criticizing them for putting the

price so low, but certainly neither the government nor the Canadian National Railways will lose any money at that price.

Mr. STEWART (Edmonton): Why was it necessary to pass an order in council for purchasing ties?

Mr. MANION: I have already explained that, but perhaps my hon. friend was not listening. It was done because of requisitions from all over the country for business in the bush sections, and we asked the Canadian National Railways to buy two million ties for which the unemployment fund would pay. The order in council was simply passed to authorize us to give the Canadian National Railways out of the unemployment fund the money to pay for the ties.

Then the right hon. gentleman said that great pressure was put on the Canadian National Railways to make them take these ties from our friends. That is not correct, in fact it is absolutely untrue. No great pressure of any kind was put on the management. In a moment I will deal with the question of who got the contracts.

Mr. MACKENZIE KING: Will my hon. friend say that he himself did not try to influence the management as to who were to receive those contracts?

Mr. MANION: If my right hon. friend will allow me to finish my statement. Recommendations were sent by me because people had applied to me, some of them Liberals—in fact right at this moment three Liberal members who sit behind my right hon. friend are interested in tie contracts, and not one member on this side is. I do not say that in any spirit of criticism. They are justified in being interested in tie contracts if they are in the lumber business, as at least two of them are, but we did not give—

Mr. MACKENZIE KING: I think the minister owes it to the house to bring down the names of all who received contracts, and what contracts they received.

Mr. MANION: I will bring them down for the past few years and show whether it was pressure from my right hon. friend who overruled the Minister of Railways so often.

Mr. MACKENZIE KING: Just a moment. The minister has stated that I overruled the Minister of Railways on frequent occasions. I say that statement is not correct, Mr. Speaker, and I ask him to withdraw it.

Mr. MANION: I will not.

Mr. MACKENZIE KING: I submit, Mr. Speaker, that when my hon. friend makes a statement which I say is not correct he is bound to withdraw it.

Mr. MANION: It is a question of fact.

Mr. DEPUTY SPEAKER: The minister must accept the denial of the leader of the opposition (Mr. Mackenzie King) when he says the statement is not correct.

Mr. MANION: Mr. Speaker, my understanding is that when a statement of fact is made it simply becomes a difference of opinion between us. However, if you rule that I must accept the statement I will accept it. I will bring down the evidence. The fact remains that when tie contracts were let by the late government practically none were let to Conservatives. I submit this is not a Conservative road, this is not a Liberal road; this is a national road. That is why when we got into power I did submit to Sir Henry Thornton that as of the tie contracts let in the past only about ten per cent were let to Conservatives, it was but fair that these contracts should be divided between different classes of people politically; and they were. For example, I was given a list of thirty-four contracts let in the province from which the Prime Minister comes. Of those thirty were let to Liberals and only four to Conservatives while my right hon. friend was in office.

Mr. RALSTON: You reversed that.

Mr. MANION: No. I was foolish enough in the heat of the moment to make a remark of that sort before the committee, but later I corrected it, showing that many Liberals have contracts at the present time. I gave some illustrations of this a few moments ago. Another illustration is that a Liberal organizer in St. Felix in Quebec has been given a contract. As showing the training that the purchasers of ties for the Canadian National Railways got under my right hon. friend and his government, they gave eighty-four of these contracts out of 325 or 330 this year without any consultation with me at all, and they were practically all given to Liberals.

Mr. MACKENZIE KING: When my hon. friend says the late government did not interfere with the Canadian National Railways he is stating what is correct.

Mr. MANION: I am afraid my right hon. friend is drawing too optimistic an inference from what I said.

Mr. BEAUBIEN: Just a question.

Mr. MANION: I should like to proceed without too much interruption.

Mr. BEAUBIEN: It is just a short question.

Mr. MANION: Mr. Speaker, in the last two years since we came into power six million ties have been bought; two million this year under the Unemployment and Farm Relief Act, and four million last year in the ordinary way. When they called for tenders for the four million ties they got tenders for forty million, and it made it very difficult for the Canadian National management to deal with all those tenders. That is one reason why this year no tenders were called for the two million ties. While my right hon. friend and his government were in power the Canadian National Railways bought from twelve to fourteen million ties in each year.

Mr. RALSTON: More business.

Mr. MANION: Yes, for business.

Mr. RALSTON: I say "more business."

Mr. MANION: Yes. When we got into power there were twelve million ties on hand, and Mr. Vaughan before the committee said that they were using from six to seven million a year.

Mr. MACKENZIE KING: Then there was no justification for your buying an extra two million.

Mr. MANION: Absolutely correct—except to relieve unemployment; that is the only reason. The Canadian National management, I repeat, set the price this year as they set it in all years; they made the contracts, they did everything as they had done in the past—with this exception, they did not buy all their ties from Liberals, they bought from tie contractors of both parties. I do not believe it is fair under this government to buy entirely from Conservatives, any more than it was fair under the late government to buy entirely from Liberals. To the extent of at least 90 per cent the ties bought under the late government were obtained from Liberals. I will admit quite frankly that under this government half or a little more were bought from Conservatives; I say I admit that quite frankly, because I do not believe this national railway should be used, as I believe my right hon. friend used it in the last year or two before he went out of power, as a political club.

Mr. MACKENZIE KING: That may be very smart rhetoric, but it is no argument.

[Mr. Beaubien.]

Mr. MANION: My hon. friend may have uttered some very smart statements, but they are not facts. Another statement made by the right hon. gentleman was that he understood that many men secured tie contracts who were not tie contractors. Let me mention one or two people who secured tie contracts under my right hon. friend's government. One Boudreau, in Alberta, a bootlegger, secured a contract for 50,000 ties during the last year my right hon. friend was in power.

Mr. STEWART (Edmonton): May I say to my hon. friend, for his information, that when Mr. Boudreau obtained his tie contract he was in the tie business.

The DEPUTY SPEAKER: The Minister of Railways has the floor, and unless he allows it he may not be interrupted.

Mr. STEWART (Edmonton): But, Mr. Speaker, I do not think it fair to make statements in this house reflecting on the character of gentlemen outside the house.

The DEPUTY SPEAKER: Order. It is not a question of privilege.

Mr. MANION: I state that according to my best information, and I believe it is correct, one Boudreau, who was a bootlegger and who was not in the tie business, secured a contract for 50,000 ties.

Mr. STEWART (Edmonton): May I ask my hon. friend—

Mr. MANION: No, I will not allow these interruptions. My hon. friend can make his statement later.

An hon. MEMBER: Is Boudreau a friend of yours?

Mr. STEWART (Edmonton): Yes, Mr. Boudreau is a friend of mine, and I am not ashamed to admit it.

Mr. MANION: I state also that an hon. member now sitting behind the right hon. gentleman, who was not then a member of the house but who was a very strong Liberal, secured contracts for 300,000 to 400,000 ties every year for five or six years when my right hon. friend was in power and I do not blame him for it in the least. He got a contract also this year. I state also that a man named Paradis, in the province of Quebec, who plays Liberal politics all the time, secured contracts for about half a million ties each year and has a contract this year.

Mr. STEWART (Edmonton): Who is complaining about that?

Mr. MANION: My right hon. friend should not complain that some men who are not in the lumber business obtain contracts from this government when the same condition existed under his. I state also that during the time the right hon. gentleman was in office a section man obtained tie contracts, and there were various other similar cases. But I make this statement here and now, and I want it emphasized: Not one cent was lost by the Canadian National Railways, either this year or last year, through the purchase of ties. I say they set the prices; they signed the contracts and this year, so far as they are concerned, the whole amount will be paid out of the unemployment relief fund, so the Canadian National Railways will not lose one cent so far as contracts for ties are concerned. This year I believe between three hundred and four hundred contracts have been let, in every province from coast to coast with the exception of Prince Edward Island. As I have already said, some of these people were recommended to me in different ways, some by those in politics. Some were recommended by hon. gentlemen opposite, while others were recommended by clergymen who pointed out to me that their section of the country was in great need of some unemployment relief, and those people got contracts. For example, up in the north country one firm by the name of Poupore, a lumber firm, obtained a contract on my recommendation because a clergyman and some of the citizens, whose politics I do not know, came down here and laid the case before me, and I told Sir Henry Thornton that they were in need of help.

As I have already stated, eighty-four of these contracts, or in other words twenty-five per cent, were let by the Canadian National management without consultation with me in any shape or form. When I checked up the names later I found that the vast majority of them were Liberals and, as one provincial cabinet minister said, they were not only Liberals; they were fighting Liberals.

Now in regard to the prices paid for ties, I should like to give the average price each year from 1923:

	Cents
1923	74
1924	79
1925	80
1926	76
1927	72
1928	78
1929	76
1930	75
1931	64
1932	52

Apparently the Dominion of Canada is not paying an overly high price for ties, when they get them for 52 cents as compared with the previous low price of 64 cents, paid last year also under this government, while the lowest price paid under the late government was 72 cents. It would seem clear that the Dominion of Canada is not being robbed, and that no special favours are being shown Conservatives or even Liberals who secured contracts at this price. I may say frankly that no one is satisfied with regard to the tie business. Last year 40,000,000 ties were offered while only from 3,000,000 to 4,000,000 were asked for. This year all the people who wanted contracts, whether Liberals or Conservatives, protested when those contracts were not forthcoming. Seventy-two per cent of all the contracts let were for less than 5,000 ties; in other words a very large proportion of the contracts was given to settlers and small tie dealers in various parts of the country.

My right hon. friend implied in his remarks that the government at the present time has been using the Canadian National Railways in some manner, through these ties, for political purposes. Let me repeat that there has been nothing of the kind, except in this respect, that this is a national and not a Liberal road. Tie contracts should not be let only to those belonging to one particular party, and under this government they have not been let entirely to any one party; they have been divided between the two parties. I do not know that I would care to apportion the contracts or say how they were divided, but at any rate they were divided between the two parties, whereas under the late government the contracts were given to Liberals to the extent of about 90 per cent.

In regard to purchases in general, the right hon. gentleman referred to some of the evidence which has been given before the committee on railways and shipping. I do not intend to refer to more than one statement, and that is with regard to the purchases made each year, which I am going to put on Hansard. The total purchases of all materials, including materials purchased for United States lines, were as follows:

1923	$141,823,566
1924	103,175,658
1925	80,423,520
1926	88,482,180
1927	115,280,811
1928	107,185,818
1929	132,676,905
1930	103,746,949
1931	70,813,195

It will be seen that last year the purchases amounted to just more than half the total purchases for 1929. I will admit without question that part of that reduction was due to the

fact that the business of the railway decreased, but some of the purchases made in 1929 look suspiciously like pre-election purchases. In that year the total purchases amounted to the greatest sum so spent in any year with the exception of 1923, when the roads were beginning to be coordinated by Sir Henry Thornton. There was not only the purchase of materials in general; there was also the purchase of dead, useless, non-paying lines in different parts of this country, practically all purchased in 1929, amounting to from $30,000,000 to $40,000,000. The late government introduced legislation in this house in 1927 providing for a $20,000,000 branch line program which was not to be completed, and which was not completed, until 1930 or 1931. That was a three year program, but in spite of that fact in 1929, with an election in sight, another branch line program was brought in amounting to another $30,000,000.

Mr. BEAUBIEN: And you voted for it.

Mr. MANION: We did not object to it, naturally, because in those days if any man dared open his mouth to criticize any measure brought in by the late government with regard to the Canadian National Railways, he was accused of attacking the national road. We had to get into power in order to find out how the Canadian National Railways were run under my right hon. friend and his followers, and to protest against the foolish and wildly extravagant expenditures on unnecessary hotels, on the Montreal terminal which was not needed at that time, on steamships that were not required and so on, amounting to tens and scores of millions of dollars, authorized in the dying years of the late government, headed by the right hon. gentleman who now leads the opposition, who in 1929 put upon the Canadian National Railways committals to the extent of $270,000,000.

Mr. MACKENZIE KING: Mr. Speaker, I should like to know whether this discussion is pertinent to the matter now before the house. I am quite prepared to discuss with hon. gentlemen opposite matters pertaining to the Canadian National Railways when they are properly before us, but when my hon. friend undertakes to review the whole railway situation he might choose another time so to do.

Mr. MANION: The whole railway situation was brought up by my right hon. friend.

Mr. MACKENZIE KING: No, I was speaking of one matter only which came appropriately under unemployment relief.

[Mr. Manion.]

Mr. MANION: My right hon. friend does not like these other matters to be discussed, because they affect him and his late government. I say that the right hon. gentleman and his party, when in power, used the Canadian National Railways as a political club and that they went far to wreck the national road by using it in such a way, by building useless hotels and making various other foolish expenditures totalling tens of millions of dollars, some of which, on the best information I can get, they forced the Canadian National management to carry through. That is the best information I can obtain. When we came into power, with all these hundreds of millions hanging around the neck of the Canadian National, we found it necessary to institute economies.

Mr. RALSTON: You started to wreck it; you are the one that started to wreck it.

Mr. MANION: My hon. friend and his friends are the people who nearly wrecked it, just as they nearly wrecked the Canadian Pacific Railway in the early years of the century by permitting the construction of two transcontinental railways where one would have been ample. These conditions were brought about in the early years of the century by the Liberal party, and the position of the Canadian National Railways to-day has been made preeminently worse by the fact that my right hon. friend and his friends permitted, if they did not force, the Canadian National Railways to spend scores of millions which should never have been spent: If they had been living up to their trusteeship, not only on behalf of the people of Canada but on behalf of the Canadian National Railways, they would never have permitted some of the wildly extravagant schemes to go on that went on under their regime through the Canadian National Railways.

Mr. CHAPLIN: Tell him about the two hotels in Halifax.

An hon. MEMBER: Tell him about the one in Vancouver.

Mr. MANION: The hon. member for Shelburne-Yarmouth knows a good deal about the hotels in Halifax, and I should be glad to have him get up and explain how it is that the Canadian National Railways were permitted or forced, perhaps, to build a second hotel when one would have sufficed. That was done under the regime of the hon. gentleman's leader. The Canadian National was either permitted or forced to build useless

hotels all over the country, such as the Saskatoon and Vancouver hotels. It was permitted or forced to build steamships which it does not require, to the extent of nearly $10,000,000 worth of shipping on the Pacific coast, which the railways are wondering now what to do with. In fact, these ships are lying at ease in the docks throughout the country and the Canadian National Railways are wondering what to do with them. That is the type of trusteeship which the right hon. gentleman and his friends displayed with respect to the Canadian National Railways during the years they were in power—a trusteeship which nearly wrecked the system and nearly ruined the country.

Hon. CHARLES STEWART (West Edmonton): It is not my intention to speak at any length on this question. I simply want to refer my hon. friend who has just spoken (Mr. Manion) to the fact that never until to-day in this house, when all these items were before the committee and were recommended by the committee, was there any criticism. And if I mistake not he was a member of the committee.

Mr. MANION: He was not; only part of the time.

Mr. STEWART (Edmonton): Well, he never raised his voice in opposition. There was no opposition except on one occasion, and the honour of that belongs to the leader of the government. He was the one who raised his voice and raised it rather vehemently on one occasion.

Mr. BENNETT: Twice.

Mr. STEWART (Edmonton): Twice, perhaps.

Mr. BENNETT: Make it three times.

Mr. STEWART (Edmonton): At any rate, the occasion which I have in mind was followed the next morning by criticism in the organ supporting the right hon. gentleman. It gave him a beautiful trimming for what he had said the day before.

Mr. BENNETT: And now they admit he was right.

Mr. STEWART (Edmonton): I am merely recounting history for the benefit of the Minister of Railways. Let me say that, so far as I am concerned, I deny having ever tried to influence the Canadian National Railways to do anything. I tried hard to sell them the Alberta railway on one occasion, and I had the railway sold to them over night; but the next morning they woke up and the Minister of Railways decided that it was not a profitable investment and did not make the purchase.

Mr. MANION: They have it now and they are losing millions.

Mr. STEWART (Edmonton): They refused to buy it at that time. As a matter of fact, they could have bought it at a much lower rate than has been paid for it in recent years. My hon. friend will admit that if the railway were offered for sale to-day people would not be so keen about purchasing it.

Mr. MANION: I should say not.

Mr. STEWART (Edmonton): Personally, I have had far more satisfaction from and more favour shown me by the Canadian Pacific Railway than I have ever received from the Canadian National Railways. Indeed, I have never asked them for any favours. What I rose for particularly, however, was to deal with the statement of my hon. friend in regard to an individual who has two or three contracts for supplying ties and who was in the lumber business—the hon. gentleman said he was not. He was manufacturing and selling lumber, and the statement that he was a bootlegger is totally unwarranted. The minister cannot point to any place in which this gentleman was ever designated as so despicable a character.

Mr. MANION: That is my information.

Mr. STEWART (Edmonton): Then I say that in all fairness the hon. gentleman should be careful about assertions of that kind. The gentleman about whom he speaks was a member of the Alberta legislature for a number of years. He was a druggist and a hotelkeeper, and he was also in the lumber business.

Mr. STANLEY: Whilst he was a member of the Alberta legislature and the keeper of a drug store during prohibition days, he was shown, before a special committee of the legislature, to be illegally handling liquor.

Mr. STEWART (Edmonton): I remember the circumstances very well. He was filling permits on the advice of doctors, under their signature.

Mr. STANLEY: Absolutely illegally, in tremendous quantities.

Mr. STEWART (Edmonton): I am not accusing my hon. friend of having granted more permits than he was entitled to; I do

not know anything about it. I do know all about the investigation, however, and I know perfectly well that it was held for the purpose of trying to reflect upon the character of the gentleman in question. But I do say that no minister or member of this house has the right to rise in his place and reflect in that way upon any gentleman, no matter what may have happened, so long as he was not convicted of the offence of which my hon. friend has accused him.

So far as the railways are concerned, may I say to my hon. friend that I do not think very much will be gained by the statement that when the Liberals were in power all tie contracts went to Liberals. So far as I know, that was not the case in western Canada. It may have been the case in Saskatchewan; I do not know about that; or it may have been so in eastern Canada. But to say now that the government is handing out contracts under direct relief in the same manner is no answer to the charge that a good many people got contracts when the government was directly controlling the matter, as my hon. friend admits, except the sixty—

Mr. MANION: I did not control it at all; I deny that.

Mr. STEWART (Edmonton): I am sorry; I retract that. That, however, was what I gathered from my hon. friend's remarks. Let me repeat before I resume my seat that it is unfair for any hon. member to make assertions of the kind which I have just dealt with.

Mr. A. E. MUNN (Vancouver North): As a member of the committee, I wish to make one or two corrections. I am sorry I cannot effectively reply to the minister; I am not a politician. Listening to his address and the manner of its presentation, one would conclude that an election was on. The minister made the statement that in 1928 and 1929, prior to the last election, there were heavy purchases of ties and materials. That was explained by the purchasing agent quite fully in the committee, to the satisfaction I am sure of anyone who wanted to be fair. I cannot understand, therefore, why the minister should bring this up in the house and play politics when the matter was so satisfactorily explained before the committee by the purchasing agent. If hon. gentlemen will look up the records for themselves they will find that it was explained that during 1928 and 1929 demands were made for special equipment, ties and material, and that was fully explained. As regards prices, I may say that I am a lumberman myself, although I have no contract and never sold ties to Canadian National Railways. As everyone knows, prices have dropped not because there has been a change of government but the fact is that they have dropped very viciously. In the committee I asked for a list of all tie contractors. I have a partial list; I explained in the committee that I had a list of some of the contractors, and I could not understand why so many people who were in the tie business did not receive contracts while others who would not know the difference between a tie and a saw-log, were awarded contracts. Of course I did not get the information; we were voted down. The minister, both in the house and definitely in the committee, opposed the production of that information. Now in the house he plays politics. So far as I am concerned, I shall not play politics, but I like to see people stick to facts.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I am going to make a very few observations in answer to the statements of the leader of the opposition.

Mr. MACKENZIE KING: My right hon. friend has already spoken.

Mr. BENNETT: No.

Mr. MACKENZIE KING: I think he moved the second reading.

Mr. BENNETT: No; the Minister of Labour (Mr. Gordon) did so.

Mr. MACKENZIE KING: I beg the right hon. gentleman's pardon.

Mr. BENNETT: In the first instance, the right hon. gentleman was of the opinion that last year's relief measure did not provide for the measure itself being operative, notwithstanding the provisions of any other statute. If he will be good enough to look at chapter 58 of last year, assented to on August 3, he will find these words:

> Without restricting the generality of the terms in the next preceding section hereof, and notwithstanding the provisions of any statute or law, the governor in council may—

Those are the exact words in the bill now before the house.

Mr. MACKENZIE KING: But they extend to many matters to which no reference was made in the previous enactment.

Mr. BENNETT: I am coming to that. The language is exactly the same. The second point which the leader of the opposition has made is that the legislation deals with matters other than unemployment relief or relief. It is quite true it deals with questions affecting the national credit and that of the provinces.

It was thought desirable, for purposes of conciseness and availability of the statute in use that this should be done, and I see no reason why it should not. Certainly anything that has been said by the leader of the opposition does not induce one to change his opinion in that regard.

Mr. MACKENZIE KING: Also loans to corporations.

Mr. BENNETT: I am coming to that. The third point that the right hon. gentleman made was that it provides for loans to be made to corporations and certain undertakings. When I was speaking to the resolution, I explained that in the United States, on the conditions that obtained, it had been found desirable to create a corporation which was authorized to make advances to banks and other financial institutions and corporations and that corporation had a capital of $500,000,000, this amount of course being all subscribed by the United States. In fact it is provided that the money itself shall be taken out of the treasury of the United States out of any unappropriated balances, and notwithstanding that fact, it became essential, in order that the operations of the corporation might be continued, that the money should be borrowed. The bulletin of the Federal Reserve Board for April, 1932, contains a full statement of the operations of the finance corporation to date and a short summary that was published by the department gave a clear indication of just how it was proceeding with its work. I need only point out that the statute under which the corporation is incorporated provides, as I have said, for an immediate capital of $500,000,000 being available.

I have endeavoured and, I fear, not successfully, to point out to the house that there is an emergency in Canada as well as elsewhere in the world. I have tried to the best of my ability to indicate that we are living in the most abnormal conditions under which any people ever lived; that because of the failure of the first effort to rehabilitate the whole financial structure in the life of the world and consequent upon the failure of the Bank of England in September, 1931, to maintain its gold reserves, our position has become very much more difficult than it has been heretofore and that we are in the face of one of the most serious crises which the world has ever known; that Canada with its 10,000,000 people inhabiting half a continent, cannot possibly be free from the operations of the great currents that move round about us, currents that make for depression, destruction of values, almost every peril to which the financial structure of a country could be subjected. I think it is in the minds of most people that we are living in the most difficult days this country has ever experienced. I believe every thoughtful man who looks below the surface of things, realizes that never before has a greater crisis confronted the Canadian people.

In the face of those circumstances and of that crisis we have suggested that it is desirable that we should be in a position to do at least what we can to save the credit of Canada and of the provinces and of the whole life, financial and otherwise, of the dominion if the necessity arises. I trust hon. gentlemen realize that other countries some in one way and some in another, are taking the steps we propose to take. I suppose it is in the minds of most who read the papers the other day that the Chancellor of the Exchequer in England set aside a sum amounting to several hundred million dollars for the purpose of protecting exchange. Why? Because the life of Great Britain was threatened nationally and financially, and he desired to protect the structure. The United States is acting in another way. Some countries are repudiating their obligations entirely, and with respect to their external debts they say: We shall not pay. And they are not paying. For instance, on Saturday last the securities of a South American republic that sold its bonds at a high price during the last two years, stood at $4 for a $100 bond although the interest rate was six per cent. I give that as an illustration—and I can mention many—of the fact that on these two continents, the North and South American, we have a very acute situation, one which is accentuated so far as Canada is concerned, by reason of our juxtaposition, our geographical location to the greatest population inhabiting one area in the world, that population experiencing a condition which is certainly much more difficult, they say, than ours, and however much it may be that hon. gentlemen opposite deprecate the actions we have taken, belittle the efforts we have made, and scoff and scorn at what we have endeavoured to do, the fact remains that in the minds of others who are keen and shrewd observers, this country has done very well up to the present. In fact, there are those who think it has done as well as, if not better than, any other country in the world.

It may be that misery loves company; it may be desirable to say that all the world is in the same position as Canada, and Canada is in the same position as all the world; but to state this is just a common, ordinary everyday fact, and if the measures we suggest fall short of meeting the situation, then indeed we would be blamed. If the measures which we

suggest have so far met the situation fairly—I do not say transcendentally—better than was to be hoped for, then I think we are at least warranted in asking parliament to enable the government to continue to discharge its functions to the best of its ability. What the leader of the opposition has said is that the government finds itself unable to grapple with this, that or the other problem. When I hear those statements made and I am reminded of the situation that confronted us in June and July, 1930, I wonder if this is the day of Rip Van Winkle, when men who have been asleep have suddenly wakened up and cannot realize the tremendous world changes that have transpired meanwhile. This government is always willing and ready to accept its responsibilities and to carry them out. But when conditions have changed, when such a crisis as the world has ever known is upon us, I say it is neither fair not does it appeal to the people of this country for a single minute to make comparisons of that kind. What is more, every day brings communications to one member or another of this government, barely a day goes by that I do not personally receive communications from people asking, when they knew this measure was before us, how otherwise could we proceed?

I am not going to labour the point. I have already dealt with it to the best of my ability. I have endeavoured to impress on my fellow-Canadians the gravity of the situation and the extent of the crisis that confronts this country. Hours and days have been taken up in discussing the resolution on which this bill is based. Now we have once more paraded in this house the long and dreary tale of our constitutional wrongs and of the evils that will follow from the application of the principle of this measure. We heard it last year. We have heard it this year three times already. I can almost recite what the right hon. gentleman will say as soon as he gets on his feet. I know that the word "subversive" will be used just as frequently as it is possible for him to use it, and that the word "constitution" will flow from his lips with as much ease as it is possible for words to flow, and you know how easy that is. The constitution is being wrecked, something entirely subversive of the interests of Canada is being proposed, and I cry aloud and none heeds my cry—that is the position of the right hon. leader of the opposition. The whole pillars of the state are being wrecked, and will not one hon. gentleman opposite come to the rescue, come and put down all this tyranny and avoid all the evils that will flow to the Canadian people from this measure that the government is proposing? That is the position of the right hon. gentleman. Is it any wonder that the people of this country are getting a little weary of that sort of thing and saying that the time has come when men should take action and not indulge in mere words, mere talk about something subversive of the constitution. Oh, the evils that have been wrought in the name of the constitution! The right hon. gentleman has never forgotten that a constitutional issue whereby a letter written by the representative of the crown was not made known to the people enabled him to receive power when he should not have had it.

Mr. MACKENZIE KING: I rise to a question of privilege, Mr. Speaker. My right hon. friend has restated something that he said a little earlier in the session. I intend to reply to him by quoting the communication in full a little later on. In the meantime I say to him that he is making a statement that is entirely unwarranted by any communication to which he has referred.

Mr. MOTHERWELL: And it is the third time he has done it.

Mr. BENNETT: And I say it the fourth time. I would not expect the hon. member for Melville (Mr. Motherwell) would understand it, but what was done was this, and there the record is, and it stands for itself and can be read of all men. It is not what I say; it is what the record contains. It was a statement written by the right hon. gentleman himself, to which a reply was sent by a representative of the crown, and there are men in this house who went to and fro in Canada in 1926, and I look fairly now at one of them who gave an interview to the Manitoba Free Press in which he spoke of dictatorial powers being used for the purpose of enabling England to trample upon the rights of this country, and that Downing street had suddenly taken the place of Ottawa and dominated the situation in Canada, and that this parliament had not been free to exercise its rights. Read that correspondence. I make no comment; read it. But I do say this, that if the people of Canada had known of that correspondence as they should have, the constitutional issues that we have been hearing about ever since would not have been talked about so often.

Either the right hon. gentleman has become obsessed with this talk about the constitution or else he knows nothing about it—one or the other; for to-day, in dealing with the question of the relative rights of parliament and the executive he exactly reversed the decisions

of the privy council in dealing with those problems. Parliament is all-powerful to deal with our constitutional position, but parliament must delegate its powers to commissions. The railway commission is one. Parliament has appointed that commission and has delegated its powers to it. It has provided how those powers shall be exercised and by whom. Parliament appoints other commissions from time to time and confers upon them the necessary authority for their action. All power must spring from parliamentary action, and when parliament has conferred the power it is determined by parliament who shall exercise that power. Shall it be by a railway commission or shall it be by the executive, and the executive is the governor in council? Parliament is being asked now to confer upon the governor in council, the executive of this country, the power to carry out its will; that is all. When parliament conferred upon the harbour board of Montreal the right to issue securities without limitation and determined that the governor in council might guarantee those securities, if the argument of the right hon. gentleman is right, then every one of those securities is invalid; but everyone knows that they are not invalid, that parliament conferred upon the executive the right to guarantee those bonds without limiting the amount. Parliament was not aware at that time that a few months before the election a couple of millions were to be issued to bring the total up to nineteen and a half million dollars altogether, whereas the representations were that the cost was going to be six million dollars. But parliament conferred the power, and having conferred the power, parliament must be bound by the exercise of it.

In this measure parliament is asked to confer on the executive these powers. I have said, and I repeat, that under conditions so abnormal, in a crisis so great, you will find no case in which there has been any suggestion of corruption or of wrongdoing within the proper meaning of those words in connection with the exercise of these powers by the governor in council during the last two years. It is true that there are cases in which there are differences of opinion. It is true that there are cases in which there is criticism. The Minister of Railways (Mr. Manion) has dealt with the criticism of the leader of the opposition as to the exercise of the power in granting to the Canadian National a sum of money with which to buy ties for relief purposes. What happened was this: If the Canadian National without our passing an order in council or granting them a single dollar had gone out and spent money to buy ties, and had then put the cost in as part of its deficit, as it would have done, and parliament had then voted the money, as it would have done, you would have had exactly the same, identical result. But parliament clothed the executive with power, and the executive in the exercise of that power granted money to the Canadian National to the extent of over one million dollars for the purpose of buying ties, and the Canadian National bought the ties and paid for the ties. It may be that the price paid for the ties was less than it should have been. I have heard it suggested that the price was too low, that it was not a fair price, that a man could not make a living wage making ties at that price. I have heard that suggested by hon. gentlemen on this side and by my hon. friend from Gloucester (Mr. Veniot) on the other side, and I know when he said it that he meant and believed that the price at which the Canadian National let its contracts for ties was a price not fair to the producer. The Minister of Railways has stated to-day that the price for the ties averaged 52 cents as against a higher price prevailing in days gone by. Mr. Speaker, the principle is that the executive, having been authorized by parliament to make grants for relief purposes, did make that grant to the Canadian National on condition that the money should be expended to buy ties, and the Canadian National bought ties with the money.

It is said that the Minister of Railways indicated that the contracts should all be let to contractors of one political faith, and that in the giving out of relief work it should be kept in mind that all the people of Canada did not belong to one political party. Now as to the extent to which his direction, if you call it that, putting it at the highest, was carried out, it is perfectly pertinent and proper to inquire, but the inquiry must be as to the administration of the railway and not as to the administration of relief. I think all will agree as to that.

Mr. BEAUBIEN: We cannot get the information either place.

Mr. BENNETT: I am quite certain that the information will be forthcoming if it is put upon the basis that it is now put upon. The railway company conducted this business. It is asserted by the leader of the opposition that pressure was put upon the railway company to let contracts to others than those it had been intended to let them to. I think the minister has given an explanation which most of us would regard as fairly reasonable. He has

said, "I have not let contracts to all of those; I have asked the railways to let contracts both to Liberals and to Conservatives, and that their political colours should not determine the extent to which contracts were given." That is what he said; that is what the leader of the opposition has said. If there has been any undue pressure brought to bear upon the railways for the purpose of inducing contracts to be let to specific individuals, I am perfectly certain the Minister of Railways will bear any responsibility which attaches for it.

I am bound to say it has not been my good or evil fortune to ask anybody to grant a tie contract to anybody, because I do not recall that there happened to be any in the particular part of the country in which I live. Perhaps hon. members have been kind enough to realize that my mind has been otherwise engaged. I am not speaking with any degree of personal knowledge, but I am satisfied the Minister of Railways will gladly bear any responsibility which may attach, and give any explanation within reason to satisfy the house.

The matter is not without authority. When I heard the statements made by the leader of the opposition this afternoon I realized at once that this matter had been settled by the courts. With that in mind I sent to the library for the report, and I dare say lawyers in this house will remember the case of Powell vs. Apollo Candle Company before the privy council as long ago as 1885. In order that there may be no difficulty I shall read the headnote.

A colonial legislature is not a delegate of the imperial legislature. It is restricted in the area of its powers, but within that area it is unrestricted.

Held, that the Customs Regulation Act of 1879, section 133, was within the plenary powers of legislation conferred upon the New South Wales legislature by the Constitution Act.

Held, further, that duties levied by an order in council issued under section 143 are really levied by authority of the legislature and not of the executive. Also that under section 133 "the opinion of the collector," whether right or wrong, authorizes the action of the governor.

I am going to read the section, in order that this may be cleared up.

"Whenever any article of merchandise then unknown to the collector is imported, which, in the opinion of the collector or the commissioners, is apparently a substitute for any known dutiable article, or is apparently designed to evade duty, but possesses properties in the whole or in part which can be used or were intended to be applied for a similar purpose as such dutiable article, it shall be lawful for the governor to direct that a duty be levied on such article at a rate to be fixed in proportion to the degree in which such unknown article approximates in its qualities or uses to such dutiable article; and such rate thus fixed shall be published in a treasury order in the Gazette, and one other newspaper published in Sydney, and exhibited in the long room or other public place in the Custom house, and a copy of all such treasury orders shall, without unnecessary delay, be laid before both houses of parliament."

The manner in which this question came before the courts is this. In pursuance of this section an order in council was issued imposing a duty on the importation of stearine, the order following the words of the act; whereupon the collector of customs insisted on a certain duty of a penny per pound, amounting to £92 1s. 9d., being paid on the importation of some 1,500 barrels of stearine. The plaintiffs paid that sum under protest, and in pursuance of section 20 of the same act brought an action for the purpose of recovering it. The collector defended himself by a plea . . .

That he had a right to do it. The privy council sustained the view that when the discretion was granted or conferred upon a collector of customs by parliament, parliament had power to delegate its authority, and that the collector's discretion thus exercised was final and complete. That ends the argument addressed to this chamber this afternoon from the standpoint of the delegation of power. I have said so frequently that I will not repeat it, that in my professional life or otherwise I never have been an advocate of the delegation by parliament of unnecessary authority or power. However I am practical enough to realize that unless there is a delegation of power to executives, parliament itself cannot supervise or do every act that has to be done. It is impossible for parliament itself, or the 245 members in this house, to administer the customs or tariff acts. It delegates its powers with respect to numberless matters which I need not mention but which pertain to the conduct of government.

We have asked parliament to confer upon the executive the authority I mentioned for the purposes indicated by the measure. I will go further. The conference held a few weeks ago between the provinces and the dominion was for the purpose of ascertaining how the provinces thought they could best discharge their constitutional obligations and duties. When they thought it was undesirable to mention the sum which might be available for relief purposes—and I use the word broadly—they said that by such an act we would be instituting competition or rivalry, in that each province would be seeking to get what it conceived to be its due and proper share of the amount available. In fact, in the language of a distinguished western statesman, they wanted to determine to what extent they should "shake the tree." That is the way it was put by one of my friends, and I think that is not an unfair way of putting it. They consented in the interests of this dominion,

and in the interests of economy—because we are not anxious to spend more money than is necessary for the purpose—to a continuity of the exercise of that discretion by the executive as being in the best interests of Canada.

I may say it is no great secret that at one time the question as to the indication of a maximum amount was seriously considered, but after listening to a statement of the conditions which confronted the provinces—and after all they are on the firing line; we are not directly on the firing line—they concluded that that was the best thing to do. It will be recalled that the premier of the province of Quebec, who is no political friend of ours, speaking in his province after he had been at Ottawa, said:

> I wish to pay this tribute to the Bennett government. They have done all in their power to relieve unemployment. I might add the provincial government has been equally active.

That was the opinion of Mr. Taschereau, an experienced administrator. When I heard the right hon. leader of the opposition deal with the question of prospective elections, and the possibility of the utilization of these moneys for that purpose, I wondered just what he had in mind. I wonder if he had in mind the movement of that vast army upon the roads in the province of Quebec during the recent provincial elections. I wonder if he had in mind the passing of legislation thereafter which would make it impossible to raise a question in the courts of the country. I can say only this, that so far as elections are concerned they have not entered into the consideration of this problem. We have troubles enough without thinking of elections. I have some reason to believe there are gentlemen opposite me in this house who are very thankful the question of elections is not under consideration or discussion. There are some, peradventure, who think that the wheel of fortune may give them added responsibility and power. There are some who would long for it, but who will never see it; there are some who would long for it only to be rid of it, and there are some who have no desire to have it because of the responsibility it involves.

I do not think for one moment it can be said that in the conduct of these measures in days gone by there has been any indication of a desire to play politics. The complaint, for instance, that has been voiced in this house—and I sometimes think unfairly—with respect to British Columbia, is a complaint made by a government Conservative in character. The complaints they have made are made by a provincial administration against a federal administration of the same political faith. No one has for one moment ever asserted that there are Conservative administrations in the prairie provinces of Alberta, Saskatchewan and Manitoba. Certainly they are not Liberal administrations; neither are they Conservative. We have had to deal with problems of great magnitude and difficulty in all those provinces, and we have yet to hear anyone assert that political considerations have governed our conduct. I am not unmindful of difficulties in the province of Quebec and in the province of Ontario. You hear one hon. member charging political favouritism in Ontario, another in Quebec. As to the maritime provinces, we have heard serious discussion as to whether or not Captain Smith did really moor his boat at a wharf owned by a Liberal or by a Conservative and that if he did moor his boat at a wharf owned by a Conservative, he must realize that this is against all the principles of Liberalism and must not happen again or he will lose his position! All these things we have listened to with great interest. But I do say this. Compare our position with that of any other country in the world—and we are in a world picture—compare what has transpired in this country since the world crisis came, watch our action and compare it with that of any other government, and I do not think we have any cause to blush or feel any remorse as to the manner in which this country's business has been transacted. If a case was made out against this administration such as is suggested, then I certainly would take immediate steps to see that the wrong was remedied. For I cannot conceive of any government trying to administer relief measures in terms of the political faith of the recipients; I cannot think of it. Does anyone suggest that hon. members who sit behind me are more lacking in human kindness and sympathy than those who sit opposite? Is it meant that because they happen to wear a particular political badge they thereby lose all vestige of humanity? Is that suggested? I have read some speeches made outside this house that would cause one to believe that that is their thought. But considerate people are not so thinking. This measure before the house is a measure that undoubtedly seeks from parliament authority to the executive to meet the situation mentioned. There is no denial of it; it has never been suggested otherwise. And you could only say this, that seeking that power, if it is abused we must perish; if it is properly discharged, we have not disregarded our obligation and duty. But surely no purpose is served by the continuous

reiteration, reiteration times without number, of the statements that have been made. Surely it is just as effective for men to rise in their places and state the position of their party concisely and powerfully and be done with it, as it is to keep on nagging, nagging, nagging, day after day, week after week, endeavouring to wear down the patience, and forming combinations and plans for the purpose of fraying the temper, of those who may be tried and tired; it is quite unworthy too of members of this house. That is not what we are here for. And if I say I am disappointed that world conditions have turned out as they have since 1930, who is there to say he is not in the same position? The most profound minds, the ablest men on this continent, the greatest thinkers in the world—look at what they said would happen, and look at what has happened. I sometimes pride myself that I was a little nearer right than they were—if you look at the pages of Hansard. But who could have said the situation would develop to the point it has now reached? It is true it was said here the other day that some economist had stated that unless the world changes its thinking, difficulties would follow which would be world wide and could not be easily overcome.

Then complaint is made that no policy is formulated in connection with unemployment. What policy has been suggested, except unemployment insurance? And what would unemployment insurance mean at this time with unemployment as it is? It would mean the state would pay the insurance, for no one would have the money to pay the premiums. That is all it means. And stripped of everything, that is the suggestion, that there should be substituted for what has been done through public effort and private enterprise and private charity, unemployment insurance, whereby the state would pay the premiums and at the same time pay the benefits. You would substitute for such measures as have been taken, measures whereby a given sum would be provided. The sum has varied, but if it met the maximum suggested by one hon. gentleman in days gone by, the printing press would work overtime and the inflation would be such that I do not think we would need to worry about the word "currency" being applied to it at all. Against that it has been suggested by the right hon. leader of the opposition that I, in 1930, expressed my disapproval of the dole. I not only expressed my disapproval then; I do now. I am opposed to a dole. But I wonder if he realizes the inconsistency of his arguments. He said: You must not disregard this ark of the covenant upon which these unholy hands are being laid, this ark of the covenant in which is contained our sacred constitution, you must pay attention to it. Well, if you do, whose responsibility is it for unemployment, the provinces' or the dominion's? There is not an hon. member within sound of my voice who does not know that under the British North America Act the responsibility rests with the provinces. This we have endeavoured to make clear in the bill, as I will once more point out:

> Whereas by reason of the prolonged world-wide economic depression, recovery to a more normal economic condition has been retarded in the Dominion of Canada; and whereas the provinces require assistance in carrying out necessary relief measures and to meet financial conditions as the same may arise; and whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as the governor in council may deem expedient; and whereas it is necessary to make special provisions to deal with the situation in the national parks of Canada and in the drought stricken areas of the province of Saskatchewan. . . .

And so on. Those are the recitals that determine why we are interesting ourselves in this matter at all. The duty is that of the provinces. A national difficulty has arisen because of world-wide conditions and we say we propose to help the provinces, but the provinces themselves are to determine how that help shall be given. Heretofore we have been able to construct public works and undertakings, federal, provincial and municipal, and combining our efforts we have been able to attain the end sought. But the provinces say: We have anticipated the future beyond our financial ability, and therefore we are not prepared to pledge our credit for further sums. The municipalities say the same. Therefore the provinces say to the dominion: You must continue as a national obligation to assist us. And if we grant sustenance and support to men we propose to make them do something for it. I have not heard a provincial premier or a representative of any provincial government say that they propose to resort to the dole in that sense. They are establishing camps in which they say men must work for their sustenance. Further than that the provinces are proposing that if the men get sufficient food to maintain them in health and strength, and clothing for their comfort, and are surrounded by decent conditions, they shall do some useful work and render some useful service for the relief granted them. We say we will help the provinces. Further, as the Minister of Labour said the other day, some of the provinces say that

they want to put men out on the land. We say to the provinces: Make your arrangements, and if satisfactory to you we will assist you in that work too. Self-respect, self-support—those are the ends we are aiming at.

Now, sir,—and I have spoken longer than I intended, because after all this is reiteration of what I have already endeavoured to say to the house—I can only repeat that to the best of our ability, cooperating with the provinces—our only means of contact with the municipalities—we will eadeavour so to administer the resources of the country entrusted to our hands as trustees, as to bring that measure—shall I say?—of happiness that is possible under existing conditions to those that require assistance. As I say, the provinces are the determining factor in that matter.

There is just one word more that might be said in that regard. We have had constant reiteration of the desirability of appointing a commission to deal with provincial matters. Now, the fact is that the dominion cannot appoint such a commission. The very suggestion that the right hon. leader of the opposition made in that regard would mean interference by the dominion with the powers of the provinces; which we cannot do. At the conference I put before the representatives of all the provinces whether they thought it desirable to appoint a commission as was done in Saskatchewan, and I learned that some of the governments were obtaining information to guide them in the work they were doing. We told them we would assist them and do what we had done in the past with respect to supervision as to expenditures. Some expressed a fixed conviction that a commission was not satisfactory. There the matter ends. If any province desires to set up a commission it will be welcomed as far as we are concerned; that was explained as clearly as possible. So far as we are concerned, a federal commission could not assist the matter in any sense, because all it could endeavour to do would be to coordinate the efforts of the dominion and of the provinces. I think that is as fairly as the position can be put to this house at this time.

There is perhaps one other matter that did arise out of the observations that were made by the right hon. leader of the opposition, but inasmuch as it can be dealt with at another time I am not going to trespass upon the time of the house to deal with it now, though it does occur to me that if the members of this house were as fully seized of the difficulties of the position as are the members of the government, they would render us every possible assistance in trying to expedite the passing of a measure that has now engaged, in the discussion of its details, a very long time. The government is submitting this legislation to the house because, after having canvassed the situation as thoroughly as possible, we believe it is the only method by which we can meet the difficulties, some of which are not seen, some of which we cannot anticipate, and some of which we hope will be less serious than people would have us believe. We are certain that the language used by the Minister of Labour (Mr. Gordon) the other day, when dealing in committee with some of the problems that were presented to him, will be borne out. We are not anxious to see this nation become less self-reliant or its people a dependent people, but confronted with realities, with difficulties beyond the power of human mind entirely to estimate, we are offering this measure to this house and asking that it be given second reading, with any reservations that may be desired, mental or otherwise, in the confident hope and the earnest belief that by its means the executive may be able to continue to serve this country as faithfully as it knows how for the purpose of promoting the happiness and peace of the people of Canada.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I rise to a question of privilege. For the second time this session, the Prime Minister referred this afternoon to a communication which passed between a former Governor General, Lord Byng, and myself in the month of June, 1926. The Prime Minister stated that this communication bears out the contention which he made by inference this afternoon, and which he stated in a very direct way on February 8 in this house, that I was seeking to raise a constitutional issue between the governor general and the government of the day which would make it appear that Downing street was controlling matters in this Dominion, rather than that any action of mine in relation to the former governor general was taken wholly with the view of averting any such constitutional issue. At the time the Prime Minister referred to this matter earlier in the session he said that he had under his hand—

Mr. BENNETT: I think on a question of privilege, Mr. Speaker, that when a debate is concluded in this house it is finished. The rules so state. The right hon. gentleman is entirely within his rights in bringing up a question of privilege, but it must be confined at least to that question of privilege as it has arisen. The other day his colleague

raised the point that unless the question was taken up immediately and dealt with it was not proper for the Minister of Finance to deal with a reflection upon the conduct of the members of the government. That was the view then taken. Now I only desire to point out, sir, that the question of privilege must be dealt with as it arose this afternoon; it must not be some question of privilege that arose some months ago.

Mr. MACKENZIE KING: I am a little surprised that the Prime Minister, on a matter which affects a former governor general as well as a former Prime Minister of Canada, should not wish this house and this parliament to have an exact and full statement made. When the matter came up previously I asked the Prime Minister to read in full the document from which he quoted the last paragraph. He was unwilling to do so, and in fact refused to do so. I had not the document with me at the time, as he well knew, and therefore I was not in a position to read it then. But the Prime Minister referred to the matter again this afternoon in the light of what he said on a previous occasion, and I have under my hand the return which was made to this house with respect to the correspondence with the governor general in regard to the dissolution of parliament in 1926.

In his remarks my right hon. friend deliberately conveyed to the house and the country the impression that I was seeking to raise a constitutional issue which would have it appear that this country was being dominated from Downing street and that Downing street was responsible for the decision of His Excellency the Governor General refusing to accept my request for dissolution at the time I was Prime Minister.

Mr. BENNETT: That is not what I said.

Mr. MACKENZIE KING: What did you say?

Mr. BENNETT: Just read it, and then there will be no question about it. I will not have any talk of that kind.

Mr. MACKENZIE KING: My right hon. friend has asked me to read it, and I will do so. I refer to Hansard of February 8, 1932, where he is reported as follows:

When the right hon. gentleman saw fit to endeavour to criticize the position taken by myself with respect to the crown and the representatives of the crown, I think it would have come with better grace had some other person made that observation. For I recall—

[Mr. Bennett.]

and I have in my hand a document that was kept without being made public in June, 1926—a great campaign in one of the provinces waged on the ground that Downing street was dominating Canada, and the only suggestion that Downing street should be consulted with respect to the matter then to be decided was made by the then Prime Minister, the present leader of the opposition, who asked Lord Byng to be pleased to have his resignation withheld pending the time it might be necessary for His Excellency to communicate with the Secretary of State for the Dominions.

Mr. Mackenzie King: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Mackenzie King: All I ask is that any document from which my right hon. friend quotes shall be laid on the table of the house in the usual way.

Mr. Bennett: Mr. Speaker, the document is taken from the sessional papers of this house; I sent down and got it, anticipating that very objection. So the solicitude for the crown, in which the right hon. gentleman has been so considerate to-night, is one of the new-born faiths that come when one finds himself in opposition and not in power. My right hon. friend was willing to have the representative of the crown in this country attacked from platforms throughout Canada on the ground that Downing street was being permitted to govern Canada—

Mr. Mackenzie King: Mr. Speaker, the Prime Minister is talking about something about which he knows nothing whatever, and is saying things that are absolutely incorrect.

Mr. Bennett: This is not the only instance to which I shall point, not only with regard to inconsistency but worse, before I conclude. I want the right hon. gentleman to understand, when he makes the observations he has made, that I am reading from sessional paper 91 of Monday, February 14, 1927, and the closing paragraph of that letter—

Mr. Mackenzie King: Read the whole letter—

Mr. Bennett: The closing paragraph of the letter, which is signed by W. L. Mackenzie King, reads as follows:

If there is anything which, having regard to my responsibilities as Prime Minister, I can even yet do to avert such a deplorable and, possibly, far-reaching crisis, I shall be glad so to do, and shall be pleased to have my resignation withheld at Your Excellency's request pending the time it may be necessary for Your Excellency to communicate with the Secretary of State for the Dominions.

I am, Your Excellency,

Yours very sincerely,

W. L. Mackenzie King.

And then a whole campaign was conducted; and within the sound of my voice there are members who declared time after time that this country was no longer a colony and could not be ruled from Downing street, while the right hon. gentleman sat mute from malice. Not a word did he ever say as to the truth; not a word did he ever communicate to the Canadian people as to the fact that he had asked Lord Byng to appeal to Downing street and that Lord Byng had declined. So the campaign was finished. That was the solicitude shown for the crown by my right hon. friend; there you have the position clearly defined.

Now, in the first instance, referring to the document that was under my right hon. friend's hand and which he said was concealed throughout the campaign, may I direct attention to the fact that the document was in the nature of correspondence which had passed—

Mr. SPEAKER: Is that necessary to the question of privilege which the right hon. gentleman is raising?

Mr. MACKENZIE KING: It is necessary for me to explain the correspondence in order to discuss the question of privilege, which is whether or not I was trying to raise a constitutional issue in the correspondence I had with His Excellency the Governor General, or whether, as I contend, I was seeking to avert such an issue. I wish to make it clear that I was seeking to avert a constitutional issue, and I can do so only by reading in full the communication to which reference has been made by the Prime Minister. The Prime Minister has read only the last paragraph, and I wish to read the whole of the communication. First of all, I wish to make clear whether or not, as insinuated, the document was held back. As a matter of fact, the document itself was the last one that passed between myself and the then governor general when I was Prime Minister, and it could not have been brought out in public until this parliament authorized the production and publication of the correspondence between His Excellency the then Governor General and myself. That publication was asked for as soon as parliament met in the next session and was brought down in the form of a formal return which was made to this house, having been asked for from the government side of the house. Had there been a desire to conceal any communications, certainly the motion for the return would have been refused, had the government wished to adopt that course; but above all it would not have been asked for by the government itself if there was any desire other than to have the facts known.

Mr. SPEAKER: In view of all that, what is the question of privilege?

Mr. MACKENZIE KING: I am afraid you were not in the chair, Mr. Speaker, when the Prime Minister spoke earlier this afternoon. I rose then and said that I would take immediate opportunity, upon the conclusion of his remarks, to deal with the matter. The question of privilege is this: I am being placed in the position, before the country, of one who during his incumbency of the office of Prime Minister sought to raise a constitutional issue by compelling or seeking to compel the then governor general to communicate with Downing street with a view to getting refusal from Downing street, which would have permitted a constitutional issue to be raised, as to the domination of Canada by Downing street.

Mr. BENNETT: That was not even suggested.

Mr. MACKENZIE KING: The correspondence bears out directly the opposite.

Mr. SPEAKER: After all, that is only a matter of political debate.

Mr. MACKENZIE KING: No, Mr. Speaker. It is a most vital issue that has been raised, one which affects the office of Prime Minister of this country.

Mr. SPEAKER: One party says that an effort was made to raise a constitutional issue, and the other party denies that this was done. It does not seem to me that the right hon. the leader of the opposition has made out a question of privilege.

Mr. MACKENZIE KING: I have not yet read the communication, and I ask, as leader of the opposition and a former Prime Minister, the right to place the communication in full on record.

Mr. SPEAKER: Any hon. member on either side of the house might object to quotations from his speeches or remarks during the last campaign, and that would be just as much a question of privilege as that which the right hon. gentleman is now raising.

Mr. MACKENZIE KING: It affects my honour as one who has held the office of Prime Minister, and after recess—it is now six o'clock—I intend to continue, or at any rate to endeavour to have placed on Hansard the full communication, which I say will bear out my contention that instead of seeking to raise a constitutional issue, I was doing all in my power to avert one.

Mr. SPEAKER: The right hon. gentleman might have done so when addressing the house this afternoon, or on numerous preceding occasions.

Mr. MACKENZIE KING: I could not at the time, Mr. Speaker; I rose at once—

Mr. SPEAKER: It does not seem to me that the right hon. gentleman has laid the foundation for a question of privilege. It being six o'clock I now leave the chair.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MACKENZIE KING: Mr. Speaker, at six o'clock I was speaking to a question of privilege. May I state more particularly the point that I should like to have in Your Honour's mind at the moment? In the course of my remarks this afternoon, I referred to some observations made by the Prime Minister, and the right hon. gentleman asked me to read exactly what he had said. I complied with his request in that particular, and in so doing, placed anew on Hansard a portion of a communication from which the Prime Minister had quoted in a previous debate, but which, read by itself, along with the words of the Prime Minister, leaves an entirely erroneous impression. The impression which my right hon. friend endeavoured to convey was to the effect that in my last communication to the then Governor General, prior to the dissolution of 1926, I had sought to raise a constitutional issue, which would have it appear that Canada was still to some extent under the control of Downing street.

Mr. BENNETT: Once more I am sorry to interrupt. That is not what I said or what I endeavoured to convey. I said that was what the right hon. gentleman's followers did in the country, and they canvassed throughout the dominion that we were dominated by Downing street.

Mr. MACKENZIE KING: If there were any such action on the part of my followers it was taken without my consent and without my knowledge.

Mr. BENNETT: The newspapers were full of it.

Mr. MACKENZIE KING: Certainly it was without any justification as a consequence of anything that appeared in any communication from me to His Excellency, the then Governor General. May I read the entire communication? I hope it will clear up once for all the situation as it then existed.

Before doing so, I should like to make a correction with reference to a statement that I made just before recess. I said that the return which was brought down had been brought down at the instance of the government of the day. I have since had an opportunity to verify the facts as to how the return came to be brought down, and I believe it was on a motion by the then hon. member for St. Lawrence-St. George. That, however, does not affect the matter in any particular, as had there been a desire on the part of the government not to bring down the correspondence, the return might have been voted down as other motions for returns have been voted down in this house this session.

Mr. BENNETT: Perhaps the right hon. gentleman will remember, if he will look at the same Hansard, he greatly deprecated the correspondence being asked for.

Mr. MACKENZIE KING: That may be. I do not know that any useful purpose was served by bringing it down, and I had no desire to continue any controversy on a matter which I thought had been finally disposed of.

Mr. SPEAKER: May I repeat what I said before six o'clock? I cannot agree with the leader of the opposition that he is in order in treating this as a question of privilege. Personal explanations are often allowed by the house, and if the house has no objection, the Speaker has none to a personal explanation being made by the right hon. gentleman, but as regards treating it as a matter of privilege, I am quite confident it is not.

Mr. MACKENZIE KING: I hope the house will take a broad enough view of a matter of this kind, which affects the honour of the leader of one of the political parties in the house and one who has held the office of Prime Minister, with respect to an action of his as Prime Minister, to permit me to place on record the complete communication from which a portion has been selected by the leader of the government of the day.

Mr. BENNETT: I am bound to make an observation in that regard. The other day the ex-minister of Justice (Mr. Lapointe) said in this chamber that rules were what governed the conduct of the house, and in the face of that statement he called upon the Speaker to prevent any explanation being made as to charges that members inside the government had not converted their securities. He said: It is not a question of privilege; the rules are there to govern, and he said: I rely upon the rules. Your Honour is the custodian of the operation and administration of the rules of this house. Whatever Your Honour decides as Speaker of this chamber, we shall endeavour to obey. But when the colleague and deskmate of the leader of the opposition takes that view with respect to a matter which affected at this time the honour of members of this house who are sitting on the government benches, and invoked the rules in support of his position, if I venture to say to you, sir, that whatever your interpretation of the rules is should be obeyed equally by the government and the opposition, I would be stating the fact.

Mr. SPEAKER: I have already ruled it is not a question of privilege on which as such the leader of the opposition may address the house.

Mr. MACKENZIE KING: I think, sir, Your Honour also said that if the house were prepared to accept a personal explanation which would necessitate my reading the full communication, I might have the privilege of reading it. Of course, if the house denies me that privilege, it has a right so to do; but I really cannot understand why the Prime Minister, of all others, should wish to deny to one who has held the office of Prime Minister, the reading of any communication which is as important in its bearing as this one is, particularly when he himself has quoted only a part of it. If I may then read the communication, it is as follows:

Ottawa, June 28, 1926.

His Excellency
The Right Honourable
The Baron Byng of Vimy, G.C.B., K.C.M.G.,
Governor General of the Dominion of Canada,
Ottawa.

My Dear Governor General,—

Your Excellency having declined to accept my advice to place your signature to the order in council with reference to a dissolution of parliament, which I have placed before you to-day, I hereby tender to Your Excellency my resignation as Prime Minister of Canada.

Your Excellency will recall that in our recent conversations relative to dissolution I have on each occasion suggested to Your Excellency, as I have again urged this morning, that having regard to the possible very serious consequences of a refusal of the advice of your first minister to dissolve parliament, you should, before definitely deciding on this step, cable the Secretary of State for the Dominions asking the British government, from whom you have come to Canada under instructions, what, in the opinion of the Secretary of State for the Dominions, your course should be in the event of the Prime Minister presenting you with an order in council having reference to a dissolution.

As a refusal by a governor general to accept the advice of a prime minister is a serious step at any time, and most serious under existing conditions in all parts of the British Empire to-day, there will be raised, I fear, by the refusal on Your Excellency's part to accept the advice tendered a grave constitutional question without precedent in the history of Great Britain for a century and in the history of Canada since confederation.

If there is anything which, having regard to my responsibilities as Prime Minister, I can even yet do to avert such a deplorable and, possibly, far-reaching crisis, I shall be glad so to do, and shall be pleased to have my resignation withheld at Your Excellency's request pending the time it may be necessary for Your Excellency to communicate with the Secretary of State for the Dominions.

I am, Your Excellency,
Yours very sincerely,
W. L. Mackenzie King.

I submit that communication makes it quite clear that what I was seeking to do was to avoid the raising of a constitutional issue. I knew that only a short time before a dissolution had been granted to Mr. Ramsay MacDonald at the time he was Prime Minister of Great Britain, after he had been in office for only ten months, and I was sure that any advice which would come from the British government to the then governor general would be to suggest to him to accept the advice of his first minister. This was only one of different courses I suggested with a view of avoiding, if at all possible, the raising of a constitutional issue. It was not done in any attempt to have it appear that the British government were seeking to dominate affairs in Canada. On the contrary I expressly stated at the time that I did not wish even to be informed as to what opinion might come from the British government to the then governor general in answer to any questions in that regard he might submit to the British government.

Hon. PETER HEENAN (Kenora-Rainy River): I listened this afternoon to the remarks of the Prime Minister (Mr. Bennett) and of the Minister of Railways (Mr. Manion) with a very great deal of interest. I was somewhat surprised at the manner in which the Minister of Railways concluded his remarks, by bringing in the question of expenditures by the Canadian National Railway in 1929, especially in view of the fact that the railway committee is still sitting and has not yet made its final report. But inasmuch as the minister criticized the late government for expenditure in connection with the Canadian National Railway and brought up the matter of the report, I might be pardoned, Mr. Speaker, if I read what happened in the railway committee on May 3, 1932.

Mr. MANION: I rise to a point of order, Mr. Speaker, I did not bring up the question of the report of the railway committee, and I did not quote from that report in any way, although members opposite did. I think that the report should not be dealt with in the house until the special committee makes its final report.

Mr. RHODES: I must respectfully rise, Mr. Speaker, to another point of order, that it is not competent for the hon. gentleman to refer to proceedings in a committee which has not yet reported to this house.

Mr. SPEAKER: I think both points of order are well taken.

Mr. HEENAN: I have the matter in my mind anyway. I happened to be sitting in the railway committee room while that portion of the investigation was going on.

Mr. SPEAKER: It is just as much out of order to quote from memory as to read from the report of the proceedings of the committee before the report itself is brought in.

Mr. HEENAN: I can recall the Minister of Railways this afternoon dealing very exhaustively with expenditures by the Canadian National Railway in 1929 and blaming the then government for the expenditures of that year, and I was about to quote the explanation given by Sir Henry Thornton. But if I am not allowed to quote from the proceedings of that committee, to my mind the explanation of the Canadian National management would be that by reason of the railway equipment becoming obsolete there was a danger that it would be refused on other railways. For instance, they had wooden frames on some of their cars, and generally the equipment was becoming so dangerous to life and property that American railroads, and probably other railroads in Canada, might refuse to accept the Canadian National equipment. That is the explanation that will be given by the management and will be read in the report.

Some hon. MEMBERS: Order.

Mr. HEENAN: Another reason will probably be given by the railway. In order to operate the railway economically, locomotives of greater power were necessary, and it had been decided by the directors of the road in the fall of 1928 that as soon as the finances of the road would permit, larger locomotives would be purchased in order to enable the Canadian National to compete with other roads. When railway conditions in 1928 and 1929 are compared with the conditions of 1931 it will readily be seen that the time to renew or purchase new equipment was in 1928 and 1929. For instance, in 1929 there were moved on our railroads in Canada 115,187,028 tons of freight, and in the same year 39,070,893 passengers. In 1931, there was a reduction, as compared with 1929, of 41,357,028 tons of freight moved, and of over twelve and a half million in the number of passengers carried. There were employed on our railroads in 1929, 187,846 employees, and in 1931, 154,000, or 33,846 less in 1931 than in 1929. The wages paid to railroad men in 1929 were $290,732,500, as compared with $228,260,000 in 1931, or a reduction in 1931 of approximately $61,500,000. So comparing the number of tons of freight and the number of passengers moved and the wages paid in 1929 and 1931, it will be realized that the proper time to make purchases, if the railroad wanted to renew its equipment, was in 1929.

The increased power on the railroads necessitated stronger equipment throughout the trains. The larger the train the greater the danger through weakness in any one part. For instance, in an emergency application of the brakes, a car with a wooden frame is likely to buckle up and cause not only damage to property but possible loss of life. Our railroad record in Canada is second to none in the world. The records show that our Canadian railroads move approximately twelve thousand tons of freight more per man than do the railroads in the United States. Consequently, Mr. Speaker, I consider that whatever the management wanted to do in the way of keeping up the equipment they had a perfect right to do.

There seems to be a conflict of view between the Prime Minister and the Minister of Railways. While the Minister of Railways did not say so specifically, I understood him to take the view that the railroad management and the government ought to have seen in 1929 that economically things were going wrong in the world and consequently they ought not to have entered upon large purchases, but should have saved the money. On the other hand, the Prime Minister said that no one in 1930 could foresee what the economic conditions of the world might be. However much they differ, I do not think we on this side ought to be compared with Rip van Winkle. No one should deny to the Canadian National Railway, our own railway, the right of keeping the road abreast of other systems on this American continent.

I regarded the Prime Minister's speech this afternoon as a frank confession of failure on the part of his government to meet conditions in this country. He gave as an excuse that no one could foresee in 1930 what the conditions of the world have turned out to be. But I recollect that very many Liberals, as I did myself in some of my speeches on the hustings, blamed conditions in Canada upon world economic conditions. I can recall the then premier of Ontario, the Hon. G. Howard Ferguson, now High Commissioner for Canada in London, making fun of that on platforms throughout northern Ontario. He said it was the Minister of Labour's duty to see that conditions in Canada were all right, and that he should not bother about other parts of the world. I can recall speeches made by the present Prime Minister wherein he stated that

to refer to conditions existing in other parts of the world was no excuse, that if he were elected to office the government would do its duty, and there was no excuse for any man or woman willing and able to work to be out of employment. It may be that the right hon. gentleman expects the Canadian people to forget those statements, but I doubt very much whether they will.

The Prime Minister to-day tried to hide behind the constitution. Of course it is all very well for him to taunt the leader of the Liberal party for being a stickler on constitutional questions. I find, however, that the present government on every possible occasion hides behind the constitution. There was a constitution in Canada in 1930, which I do not think has been changed since.

Mr. ERNST: What about the statute of Westminster?

Mr. HEENAN: In that year the matter of unemployment was before the people. In no uncertain terms the Prime Minister said it was the duty of the federal government to provide work and that if that government fulfilled its duties there should be no unemployment in Canada. He said a government should find a job for every man and woman able to work, and he undertook to do it. At that time there was no suggestion that it was the duty of the provinces. There was no suggestion that the provinces should take any responsibility, or that the action of the federal government would be merely supplementary. On the contrary the Prime Minister made specific promises that if the Conservative party were elected to power they would end unemployment and treat it on a national basis; there was no question whatever of the provinces coming into the picture. Since that time however, after elected to power, the government headed by the Prime Minister brings in legislation involving provincial obligations. First come the municipalities, then the provinces, with the efforts of the smaller bodies to be supplemented by the federal government. Since the election, therefore, we have witnessed a turn-about-face.

A few days ago the Minister of Labour was answering questions on the national highways matter, and whether or not he endeavoured to evade questions the fact is he was not very frank in his explanations. There are some hon. members on this side of the house who would like to know whether or not the government intend to go on with the national highways they promised, or whether they intend only to contribute to the provinces when they are in need. We should like to know the stand now taken by the government. In 1930 no constitutional question was raised. The words of the Prime Minister at Cobourg on June 24 are reported in the London Free Press of June 25 as follows:

> A national highway for Canadians. A highway in Canada, not through some other country. A highway in which you can leave Cape Breton and arrive in Vancouver without going into a foreign land. Mr. Bennett declared the undertaking must be accomplished by the hands of the federal government.

At that time there was no question of constitutionality and no suggestion that the provinces would be expected to contribute. A direct promise was made that the national highway would be built, and that promise was one of the weapons used against your humble servant during the last election campaign. Federal Conservatives promised that the highway would be built; the provincial Minister of Lands and Forests and his colleague the then Premier of Ontario, the Hon. G. Howard Ferguson, promised from the hustings that the highway would be built. What are we going to do? The Prime Minister has asked for concrete suggestions from this side of the house. The bill now before us provides for only direct relief. If I understand correctly the bill before us, together with the statements made by the Prime Minister and the Minister of Labour, we have nothing in view to-day but direct relief. True, the Ontario government through its Minister of Lands and Forests has stated that there are certain camps in northern Ontario to which anyone who is without a home may go. Those men will be given eight hours' work each day constructing highways, they will be fed and given five dollars a month to boot. That, however, is not a serious attempt to build highways. I am sure the government will not secure men who will be content to work eight hours each day out in the boiling sun constructing highways, and receive in return only five dollars a month.

I should like to know this: Is northern Ontario again to be treated to another period of highways political expediency? The highways in northern Ontario have for years been kept for political expediency. After the money which was spent last year on the highway are we this year simply going to close down those expensive camps? I have no complaint about them, because I do not think anything can be too good for the men in that part of the country. But in view of the expenditures which have been made in camps and equipment, are we going to allow the parts of highways already constructed to grow up in bush and weeds, or are the people in that part of the country to receive the justice which for years they have been seeking?

I am pleased that on many occasions the Prime Minister has acknowledged—that the highways in Canada would be an asset, not a liability. From time to time he has referred to the great value to Canada of the tourist traffic. In northern Ontario we have one of the finest tourist districts to be found anywhere on the North American continent. Lakes, rivers, streams and forests abound, with fish, game and all sorts of possibilities for sport. Only an expenditure of a few thousand dollars is necessary to connect that great portion of the country with western Canada and the United States. The history of the northern highways is one upon which we cannot look with any degree of pride. I can recall that in 1921 the government of the day in Ontario was persuaded to cooperate with the Manitoba government in connecting the provinces of Ontario and Manitoba. In 1921 contracts were let and the work proceeded fairly well until 1923. Then the government changed in Ontario and the work was practically closed down. In 1924 Mr. Lyons, Minister of Lands and Forests, made several speeches in that part of the country and emphatically put his government on record as being determined to complete the highway from the Manitoba boundary to Sault Ste. Marie. Nothing was done except scratching the surface. In the provincial election of 1926 the highway was again promised; in 1926 during the federal election the highway was again promised; but nothing much was done. The Conservative candidate had been elected in the 1926 elections, but at the next provincial election in 1929 the electors declined to accept any further promises, and he was defeated. In the meantime the Manitoba government had gone ahead with the construction of their portion of the highway. Owing to the urgent representations of the present local member in the Ontario legislature, backed by others, the Ontario government did go ahead, and during the federal election of 1930 the provincial Minister of Lands and Forests specifically promised that the highway to Manitoba would be open for traffic in 1931. We have been a little delayed, but now we are assured that it will be ready for traffic by the first of July this year. I gladly take the opportunity to invite every member of this house to be present on that occasion so that they may have the pleasure of visiting one of the finest tourist districts in the whole dominion.

I am hoping that the government will not be a party to the arrangement said to have been made with the provincial government, but that they will undertake to carry out at least one of their pledges to the people, even if it is only the connecting up of the provincial highways. Sixty-one miles of construction would complete the highway from Ignace to Winnipeg. There are a few miles of uncompleted road here and there; in addition another twenty-nine miles of construction work is needed to complete the highway between Sioux Lookout and the town of Dinorwic and Dryden; then we have a highway under construction to the south connecting up Kenora and the Rainy River districts. In other words, it will take sixty-one miles of road work to complete the main highway, another twenty-nine miles across to Sioux Lookout, and sixty miles across to Rainy River; these will connect up the whole of new Ontario with western Canada and the outside world. Figuring the cost at $8,000 per mile this work can be completed for $1,200,000. I am satisfied that if the Prime Minister and his government will proceed with this highway construction they will be doing something for that part of new Ontario and at the same time they will be creating a national asset and it would be much better to provide work in this manner than by direct relief. I am making the suggestion at this late hour in the hope that the Minister of Labour will see to it that this highway work is proceeded with. On the last occasion when I was speaking on this subject I pointed out to him that it was false economy to go ahead with road construction work in the winter season and then to suspend operations in the summer. Winter temperatures in that country run from 20 to 40 and even 50 degrees below zero. Hon. members will readily understand how hard it is to construct highways under such severe climatic conditions, but the work has been gone on with all winter; now the men are being laid off and put on direct relief, although the camps are fully equipped for continuing the work. The provincial Minister of Lands and Forests, speaking in Kenora in July, 1931, said, according to the Miner and News of July 15, 1931:

> Winter work in road building was only carried out to relieve distress. Winter work was a nuisance and a criminal waste for they did not get value for money expended. The men could not possibly give them value under winter conditions.

It will be observed that he bears out what I said on a previous occasion. I think this goverument will be lax in its duty if they do not undertake to complete that highway now that we have so many men out of work and when it could be proceeded with under conditions which would permit the men to work in comfort and render full value to the country.

A little while ago I said I did not think the Minister of Labour was altogether frank the other day when I asked him several times in respect to this highway. To say the least he did not give a direct answer. The provincial Minister of Lands and Forests, however, has made a statement in connection with the matter. It may be that he is wrong—if the Minister of Labour says he is I will not quarrel with his statement, for I have often found him wrong—but this is what the provincial minister said as reported in the Kenora Miner and News of April 27 last, the report being copied from the Mail and Empire:

Hon. William Finlayson, Minister of Lands and Forests, announced last night that the plan worked out by the dominion and provincial governments is purely a relief measure to afford shelter for men in the camps who have no other means, many of whom have expressed a desire to stay in the north after the official closing time, rather than coming into the cities. The men will be given board, lodging and five dollars a month spending money, and will work eight hours daily under the supervision of the permanent engineering staff of the Department of Northern Development. Notification of this arrangement was given to the camps yesterday.

If that be true, the Minister of Labour might have been frank enough the other night to say so. I think that when a member from this side asks a question he is entitled to an answer. But I hope it is not true, I hope the Minister of Labour—who belongs to the north country himself, and I know is just as solicitous for its development as I am—I hope he will not be a party to the closing down of the camps and so render more or less useless some portions of the work already done. It is ridiculous to ask workmen to go into that part of the country and labour for five dollars a month. The Hon. Mr. Finlayson wanted to do that over a year ago, at that time he suggested a remuneration of fifty cents a day. Apparently he was shamed out of that, but now he does not even offer fifty cents a day. Five dollars a month is not even twenty-five cents a day, and I hope the present federal government will not be a party to paying men a pittance of five dollars a month and board and lodging. Therefore I beseech the Minister of Labour, the members of the government, and in particular the Prime Minister, to go ahead and carry out what they obligated themselves to do in 1930, and construct the highway through new Ontario.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

Section 1 agreed to.

On section 2—Agreements with provinces authorized.

Mr. NEILL: The other day in committee I suggested to the minister that he put a little more into the act and a little less into the regulations, but that has not been done. Now I hope the minister will at least give us some information to amplify what seems to be lacking in the bill. This section gives the government power to enter into agreements with any of the provinces with respect to relief measures, and it is extremely vague in its terms:

(a) Enter into agreements with any of the provinces respecting relief measures therein;

That might cover a lot of things or it might cover very little. One might take it to include the elaborate system of unemployment relief work carried on last year, but we have been told more or less casually that this is not intended, that we are to have only direct relief. At the present moment I am only anxious to find out exactly what is our position, and I submit that with the experience gained in years gone by it would have been quite appropriate for the minister to state more definitely in the act what his policy is going to be. We have been told that at the conference of provincial premiers it was unanimously agreed that only direct relief measures should be carried on. If that is the case the British Columbia representatives have changed their point of view very considerably and very rapidly. About a fortnight ago the legislature of British Columbia adopted the report of an unemployment committee containing a number of recommendations.

Mr. BENNETT: If I may interrupt, I tried to make clear this afternoon that the position was not quite as the hon. gentleman has said. I stated that some of the provinces wanted the men to do something for the sustenance and support they received, but they did not determine how much that should be. I tried to make that clear this afternoon; I spoke of sustenance and support and said the men would have to do something for it. The hon. member for Kenora-Rainy River has mentioned that one province wanted to pay five dollars a month, but I did not mention any amount.

Mr. NEILL: Does the Prime Minister say I was mistaken when I said that British Columbia objected to direct relief?

Mr. BENNETT: No. British Columbia did object to doles, as my hon. friend is now using that term; they wanted to provide some work so that any man who received sustenance would have to do some work for it.

Mr. NEILL: Their recommendation was that direct relief, being wasteful and demoralizing, as far as possible should be discontinued in favour of work for which some remuneration could be given. It may be that the word "dole" would not be a good description, but certainly the resemblance is very close. I take it that British Columbia wanted to go on with a policy of providing work rather than a policy of direct relief. However, we will suppose that the policy to-day is to be one of direct relief, so the next thing we want to know is what share of that expenditure is to be borne by this government. I think that question was directed to the minister when the resolution was in committee, and we were told that it had not been decided. That is a very important point. I do not intend to quibble with the government with regard to the constitutional point of view, but here is the government announcing its policy, so surely it would be appropriate to tell us at least what proportion of this direct relief it contemplates paying. Section 2 gives the government power to enter into agreements, but it does not say what percentage shall be borne by the federal authority. We have only the experience of the past to guide us, and we know that last year the cost of direct relief was paid equally by the municipalities, the provinces and the dominion, each paying 33⅓ per cent. Is that plan to be followed again this year? We do not know, and I think it is highly important that we should know. For one thing it materially affects the interests of the province and of the municipality. Last year they each paid 33⅓ per cent of the cost of direct relief, but in connection with unemployment work the province only paid 25 per cent and the city paid the same. That would make a very substantial difference to the municipalities in my district, and I am free to say that they cannot pay that proportion this year. It is not fair to compel them to adopt a policy under which, instead of paying less, they will pay more than they paid in the past.

There is another point I should like to raise in that connection; I do not know that it particularly arose in British Columbia but a case did come under my observation in connection with a town in Ontario. They exhausted the money available for unemployment relief work; they could have fallen back on direct relief, but they did not want to do so and the men did not want to receive orders for groceries and give nothing for them. So the city allowed them to continue working and paid them by these relief orders, but they were told either by the province or by the dominion that they would have to discontinue this practice or they would not get the dominion government's share of the cost of direct relief, which was supposed to be limited to the giving of grocery orders to people who were not working. I should like to know if that contingency has been provided for; certainly it should be. The other day I saw that the city of Nanaimo had adopted what seemed to be a reasonable policy of what they called direct relief. Attached to it was a condition whereby the unemployed people who received these grocery orders worked them out on the basis of $31.50 a month for a married man. This amounted to eight days' work a month, but perhaps there would be the danger that the city, and in its turn the province, would not be eligible to receive the share of the Dominion government, because it might not be called direct relief inasmuch as the men did some work. The minister may tell us that this is not so, but that is what we want to know. We want to know, to put it in the vernacular, where we get off. We want to be able to go home to our municipalities and tell them just what are their rights in the matter.

While my next point is not exactly pertinent to this section I might just introduce it here. Under section 7 the regulations and orders in council made under the provisions of the act are not to be laid before parliament until the following April 15. These regulations especially, and the orders in council as well, should be made public at the earliest possible moment. By this time the cities of British Columbia have acquired a sort of aloof attitude towards the provincial government; the cities feel that they must be rather careful in their dealings, and they want to know what are their rights. Within a very few weeks the government must inevitably pass these regulations indicating what their policy is, and I submit that they should be in this bill. Suppose they state the policy in the regulations; then I say that the regulations should not be merely sent to the province to leak out by slow degrees to the people in the districts, but at the very earliest moment they should be published in the Gazette so that everyone would know just where he stood. If they cannot afford to do

this, or if there is some constitutional objection—and there is none—then at least the minister should give us an assurance that he will circularize the members of parliament so that at least one man in each district will be cognizant of the regulations, apart from the provincial authorities. I hope he will give us that assurance. Before this section passes I should be glad if the minister would be kind enough to tell us whether it has yet been decided what percentage of relief moneys the government will pay to the different provinces, and through the provinces to the cities.

Mr. GORDON: There is no desire on the part of the government to withhold from the committee any information with respect to the tentative arrangements, if I may so describe them, that have at present been advanced by the provinces to the Dominion government with reference to the various localities in the different provinces. The Dominion government is considering with the provinces the question of food and clothing and shelter, and the subsistence allowance in the camps to which reference has been made, and the proposal is that the Dominion government will contribute fifty per cent with the provinces. Then there are other situations that arise in the various provinces. In at least three of the middle west provinces the municipalities affected have made submissions, together with their respective provincial representatives, that with respect to directing towards assisting people on lands the moneys that otherwise would be paid in direct relief, the moneys be devoted in a little different way; that is to say, the municipalities—the larger municipalities—are prepared to advance money, while the provincial governments and this government will do the same. At the moment, these agreements, of course, have not been reduced to writing, nor have we gone so far as to enter into a verbal agreement, because, as everyone will understand, we have no right to do so until the legislation passes.

Mr. NEILL: That is the land scheme.

Mr. GORDON: Yes; that would be if the present negotiations with these provinces become effective. I hope that it will be a three-way agreement, because the municipality affected is relieved of a certain responsibility, the province and the dominion contributing.

Mr. NEILL: Thirty-three per cent each.

Mr. GORDON: Yes; that is the present arrangement at any rate. I am sure the hon. member will readily understand that there are situations in certain parts of Canada that render it most difficult for the province to identify clearly the problem with which it is confronted. That must be apparent, because we have now quite a floating population. Indeed, we have always had one although we have not recognized it fully until this time of depression. So that those agreements that touch special cases will have to be deferred, I am afraid, until the province can make a submission to us with any degree of clarity, in order that we may get down to an understanding that will, on the one hand, enable the problem to be adequately handled, and, on the other hand, help the provinces where help is necessary. I do not know that I can say anything further on that phase of the subject.

Mr. NEILL: I thank the minister for his information, and in all courtesy perhaps he will allow me to say that it would have been better had this been stated in the act; it would have been more satisfactory. However, he has given me much of what I asked for. We now glean that as regards the camps, the Dominion government and the provinces will pay fifty per cent each; that as regards the land scheme, this is a matter for future negotiation, though at the present time the minister has in mind a contribution of thirty-three and a third per cent each; and that, as regards the floating element and unforeseen conditions generally, this question has not yet been decided on.

There is just one other matter in regard to which he might give me some information, and from what he has said I gather that he is in a position to do so. Take the ordinary small municipality—not the big city, but the small municipality where what I would call ordinary relief is given. I am not referring to those who will go to the camps, those who are, for the most part, single men; I have in mind just the ordinary relief that is afforded. Has it yet been decided, and if not, why not, what share the dominion will pay? Are they going to compel the cities, through the provinces, to pay thirty-three and a third per cent? If so, will not the minister admit that this will be a greater infliction on the city than under the old scheme of contributing to unemployment relief work, where they paid only twenty-five per cent? Under the direct relief it was thirty-three per cent. What is the policy in that regard?

Mr. GORDON: With respect to direct relief generally—and this covers all the instances to which the hon. member has referred—the present discussions have been on the basis of contributing fifty per cent. I do not know that any better arrangement can be made. That again, of course, may be subject to some review

when the agreement with the provinces is concluded. At the moment, however, and I do not think it is likely to be changed, direct relief generally will likely be on the basis of a fifty per cent contribution.

Mr. NEILL: The municipality will pay twenty-five per cent.

Mr. GORDON: Whatever arrangement the province concerned makes with its municipalities, we cannot, of course, control; but I am sure that the provinces, in making an agreement with the municipalities, must, of necessity, review the situation and determine that question. Some municipalities are able to pay more than others.

Mr. NEILL: The minister says that the Dominion government cannot control the share paid by the municipality. Unless my memory is at fault, it seems to me that the regulations which he issued last year, or the agreement made with the province, stipulated that the province was to pay twenty-five per cent and the city twenty-five per cent. The Dominion government, in other words, did assume some control.

Mr. GORDON: That was a matter of agreement, though.

Mr. NEILL: Can the minister give me some assurance that if he cannot publish these orders in council and regulations in the Canada Gazette he will at least take steps to make the regulations generally public as soon as possible?

Mr. GORDON: It may be because of my lack of experience in these matters, but I was under the impression that all orders in council were published in the Canada Gazette.

Mr. MACKENZIE KING: No, they are not.

Mr. GORDON: Well, there is no reason in the world that I can see, apart from the expense, why they should not be published.

Mr. NEILL: And the regulations?

Mr. GORDON: The regulations also.

Mr. NEILL: Thank you.

Mr. CAMPBELL: Will the provinces be automatically empowered under the bill to work out the relief accounts? That is to say, a certain amount of relief is direct. The province then undertakes to have the recipients do some road work or other necessary public works in payment of these accounts. Will the federal government then demand the payment of that money back in the event of the province working it out?

[Mr. Gordon.]

Mr. GORDON: The money which the federal government will contribute by way of direct relief is non-recoverable. The province, of course, is closely in touch with the local situation and it would be utterly impossible for the Dominion government to take charge of the direct relief, or even of any other work, except, perhaps, in an advisory way; but the contribution made by the Dominion government with respect to relief is non-recoverable.

Mr. CAMPBELL: I am glad to have that explanation, because I may tell the minister that this is not understood by the government of Saskatchewan at the present time. The minister is aware that 25,000 or 30,000 people at least have moved from the dry districts into the north and have settled for the most part on bush lands that belong to the provincial government. In my district I have endeavoured for a long time to get the provincial government to work out the accounts for relief that is administered directly to those settlers. This is a very important problem. Thousands of those men have come into the bush areas where no roads, no facilities whatever were provided. The provincial government, as the minister knows, is not in possession of the necessary funds to build roads, and those men having received and still being on relief, and who further, I take it, will be obliged to be on relief for a considerable time, there is a means there of getting those roads built. But the Saskatchewan government at any rate understands that if it secures payment of those accounts by way of road work, the federal government may demand the return of the money. I should like to get that point clear, because it is very important. A large amount of money and the welfare of many people are involved, because the settlers cannot continue to remain in those districts unless they are provided with roads. As I have said, the provincial government is not in possession of funds to enable it to build roads. The money has already been spent. For the most part, the settlers to whom I refer are willing to work out their quota on the roads, to chop out bush roads, build grades and do the necessary work, but the provincial government understands it has no authority to have the accounts worked out in that way, because the federal government has an interest in the relief that is being handed out. I should like to have the minister make that clear so that there will be no misunderstanding.

Mr. GORDON: The only money that the federal government expects to have returned to it is that which is loaned to the province

concerned—and this affects all three western provinces alike—to pay its share under the agreements that have heretofore been entered into. What the province is doing with respect to its share, I am not aware. I promise the hon member, however that when the new agreements are entered into, I shall go into that question with the officials of Saskatchewan in order that, if they will give me the information, a clear picture may be had. Then I shall be glad to let the hon. member know exactly what the situation is as between the provinces, municipalities and individuals as nearly as I can get the information.

Mr. CAMPBELL: I thank the minister for making the point clear.

Mr. VENIOT: I desire, for the sake of information, to call the attention of the minister to paragraph (a) of clause 2 which reads:

> Enter into agreements with any of the provinces respecting relief measures therein.

Under that will the federal government enter into an agreement with the provinces to pay any part of the cost of public works carried on for the relief of unemployment, or will they simply lend the money to the provinces that desire to carry out the work?

Mr. GORDON: It is not the intention of the government to contribute towards the construction of public works that are started as a measure of relief—

Mr. VENIOT: By the provinces?

Mr. GORDON: Yes. The question of loaning money for that purpose, when a province desires such work to be carried on, can, of course, be taken up with it at the time.

Mr. VENIOT: Having received that answer, I understand the minister said that as regards food, clothing, and so forth, in camps, or what would be called direct relief, the government would pay fifty per cent. Am I correct in that?

Mr. GORDON: That is under review now with some of the provinces. With other provinces we have not got that far.

Mr. VENIOT: That being direct relief, the people being housed in tents, is the federal government not contributing to public works if the people housed in those camps are engaged in the construction of roads and bridges for the provinces?

Mr. GORDON: To that extent we are, but where camps are available to which men can go and receive food and clothing and are willing to work, as has been pointed out, they will be on a subsistence basis. My view is that men who cannot be employed as they would be in normal times, will be very happy to take advantage of just such camps and to do a few days' work.

Mr. VENIOT: Then the Dominion government will pay fifty per cent of that?

Mr. GORDON: Yes.

Mr. CAMPBELL: Before I leave the question which I raised with the minister a few minutes ago, I should like to get this point clear. He has made it plain that in so far as the grant under this bill is concerned, the province will have the right, if it so desires, to work out those accounts. What I want to get clear is the right of Saskatchewan to work out the accounts that were given out last year. Does the same system apply? The farmers to whom I refer are those from the dry districts who moved up into the north and are under the direct jurisdiction of the relief commission as farmers from the drought area. I understand the federal government is paying one hundred per cent of the relief. Will the provincial government have authority to work out those accounts? The money has already been disbursed; notes have been taken. The notes of course will never be paid in cash; we quite realize that. The roads are necessary if the people are to be kept on the land, and it is most important that something like that be done. At the present time the provincial government feels it is not in possession of sufficient legal authority to work out those accounts. The ministers with whom I have discussed the matter—and I have discussed the matter—and I have discussed it with at least two of them—feel that if they work out those accounts, have the notes paid in that way, the federal government may claim part of that money from the province.

Mr. GORDON: It is obvious that this government in no case could claim it all, even if it were worked out hundred per cent, because a percentage of that money was contributed by the province itself.

Mr. CAMPBELL: I understand with regard to those farmers in the drought areas —and they are the men to whom I refer— hundred per cent of relief was paid by the federal government. Is that not so?

Mr. GORDON: Does the hon. member refer to the notes, to which reference was made, that were taken by the relief commission?

Mr. CAMPBELL: Yes.

Mr. GORDON: Since the debate upon the resolution, I have been endeavouring to get a complete statement from the province with respect, first, to the reason for taking notes—although I have been advised in a measure as to what it was, namely, that some people insisted on giving them—and, second, to the steps, if any, that have been taken or are in contemplation with regard to enforcing payment of those notes. I may say, just at this juncture, that the government feels, and I am sure the members of the committee will agree, that even if a particular advance were recoverable and it was so stated at the time, it would be a most unfortunate attitude for this or the provincial government to assume to press for payment of the account until the recipient of the money was well on his feet again. I can only say I shall have a more complete picture with respect to that particular phase of the Saskatchewan difficulties, and I shall be glad, even if it does not come until after this bill is through, to make a statement in the house before prorogation.

Mr. CAMPBELL: I am very glad to hear that, but I think the minister has missed one point. What the provincial government is concerned about is that they, not the farmer, will be asked for the money. As far as the settlers who have moved up into the bush areas are concerned we might as well recognize that they never will be able to pay off that money in cash. It will take them half a lifetime to get established in that bush country, and without roads they are going to be forced to move out unless something is done. It is a matter of urgent importance that something be done there immediately, and yet the ministers of the Saskatchewan government feel that they are not in possession of the authority to have these accounts worked out. It is not a question of collecting from the farmer, because they know that the farmer cannot pay. It is clear that the provincial government, having secured payment of these notes in road work, will not be asked to pay that money back to the federal government? If that point is cleared up we can have road gangs started out in that country in a few weeks and a lot of good work can be done.

Mr. GORDON: So far as my knowledge goes the government of Saskatchewan unfortunately, has not taken that particular phase of the matter up with this government, certainly not with me. I will get in touch with the officers of the provincial government and find out from them just what the situation is. It certainly cannot give rise to any great difficulty, because if the situation is as the hon. member has described it, it would appear that there must of necessity be some help given there. So far as experience has taught us, I seriously doubt if there is any use—I am quite in agreement with the hon. member—in taking notes from people who have suffered the reverses that the farmers in the dried out areas in Saskatchewan have suffered. I do not think the matter will give rise to any serious difficulty, but I shall have to get in touch with the representatives of the province of Saskatchewan, because I do not think a submission has ever been made to this government along the lines mentioned by my hon. friend.

Mr. CAMPBELL: I am not objecting to the taking of the notes. In fact these men are quite ready and willing to sign the notes and work them out, and I myself rather subscribe to the principle of taking notes and giving the people concerned an opportunity to work them out where work is available.

Mr. VALLANCE: In other provinces than Saskatchewan where direct relief was given, was any note taken from the recipient of relief?

Mr. GORDON: I am not in possession of any information with respect to that.

Mr. VALLANCE: Then am I to understand that the individuals in Saskatchewan who received direct relief from this government were the only ones who had to sign notes?

Mr. GORDON: Others may have, but I can only repeat that it was not done at the suggestion of or with the approval of the Dominion government nor was it done in Saskatchewan at the suggestion of or with the approval of the Dominion government.

Mr. VALLANCE: But the notes are payable to the Dominion government.

Mr. GORDON: I am told so, though I have never seen one of them.

Mr. VALLANCE: We have one here.

Mr. VENIOT: I referred a little while ago to men working in the camps. That is one system of direct relief. The other system of direct relief, I take it, would be that people who were unable to get work, or perhaps were even unable to work, would get direct relief in the shape of food, clothing and shelter from the provincial government and the municipal

authorities. So far as that system is concerned, is the federal government prepared to do as it did last year, assume 33⅓ per cent of the cost?

Mr. NEILL: Fifty per cent this year.

Mr. VENIOT: The federal government assumed only 33⅓ per cent last year. If they assumed fifty per cent in other places, they did not in New Brunswick, at all events. I am not referring to that in criticism of the government at all. My point is that direct relief will have to be distributed in some systematic way, and as the federal government assumes 33⅓ per cent, or fifty per cent if you like, of the cost of direct relief, should they not indicate to the provinces how, in the opinion of the federal government, this relief should be distributed? The reason I ask the question is this: For the first time since 1930 the county of Gloucester, which I have the honour to represent, is receiving, and has received I believe since last September, direct relief, one-third of the cost being borne by the municipalities, one-third by the province and one-third by the federal government. It appears, in fact it is certain, that in certain sections of the province an organization that we call the Fathers of the Poor, which is appointed by the municipal council to see that people shall not suffer from hunger during the winter, has been completely ignored and the municipal councillors themselves are distributing this direct relief. Would it not be possible for the minister, in negotiating the agreements with the provinces, to have it understood or stipulated in the agreement that this direct relief shall not be given out to the poor by the municipal councils, but that those named under the Poor Law in each county shall be the ones to distribute this direct relief? I am laying this matter before the minister now in the hope that next year I shall not have to make the same complaints that I made this year as to the distribution of relief by way of public works. I followed very closely the administration of this relief in my county, and I say it is a crime to allow municipal councillors to say who shall and who shall not get relief. The element of politics immediately enters in. Though we take our politics very seriously in the maritime provinces, and especially in the province of New Brunswick, our county councillors take their municipal politics even more seriously than do the members of the local legislature or of the federal house. Having drawn the minister's attention to that situation I would ask him to be good enough to have the matter looked into with a view to having this direct relief distributed through other channels than, at any rate, the municipal councils.

Mr. SMITH (Victoria-Carleton): For the sake of information may I ask if the municipal councils are not responsible for the appointment of the poor authorities which my hon. friend has mentioned?

Mr. VENIOT: Certainly they are.

Mr. SMITH (Victoria-Carleton): Then does my hon. friend think it would be advisable, after all, to take from the municipal councils, which have to contribute one-third of the cost, the right to have something to say as to how the relief shall be distributed?

Mr. VENIOT: I am not taking the right from them. I shall be perfectly satisfied if the officials named by the council, namely the Fathers of the Poor, will distribute that money. The distribution of the money in New Brunswick offers a different problem. In that province there are some parishes with almshouses and some without them. There is an almshouse in the parish of Bathurst in which the poor are placed, and if it overflows the remainder are left outside. In the parishes where there are no almshouses the three officials named by the councillors who administer the dole to the deserving poor in that parish are known as the Fathers of the Poor. I am in favour of a continuance of that practice, but I do not want municipal councillors to go about allotting the money voted by the federal government and passing through the provincial government for the relief of the poor.

Mr. VALLANCE: May I say to the hon. member for Gloucester that I wish the municipalities in Saskatchewan could distribute their relief moneys. Before allowing section 2 to pass I should like to ask the minister a question concerning subsection (d), which reads as follows:

> Loan or advance money to, or guarantee the payment of money by any public body, corporation or undertaking.

Who is the "corporation"? What would come under the term "undertaking"? Does the government purpose loaning money to private corporations?

Mr. GORDON: That clause has been explained by the Prime Minister, and I do not know that any useful purpose would be served by repetition.

Mr. VALLANCE: Very well.

Mr. MACKENZIE KING: I should like to direct the attention of the minister and hon. members to the very extensive powers given the governor in council under section 2, and to draw particular attention in that connection to the significance of the words: "and notwithstanding the provisions of any statute or law." This section gives the governor in council the power, on such terms and conditions as may be agreed upon, to:

(a) Enter into agreements with any of the provinces respecting relief measures therein;
(b) Grant financial assistance to any province by way of loan, advance, guarantee or otherwise;
(c) Take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the dominion or any province thereof;
(d) Loan or advance money to, or guarantee the payment of money by any public body, corporation or undertaking.

The governor in council is given power to do all those things which, in themselves, are very wide. The clause as it reads, however, goes even farther, because it gives the governor in council power to do all those things "notwithstanding the provisions of any statute or law." In other words, all the laws or statutes this parliament may have enacted which relate to any of the matters dealt with by this section may be set aside by the governor in council, if in entering into agreements, making loans or advances under this section or in dealing with other matters referred to he so decides. Subsection (d), to which reference has just been made, is as follows:

Loan or advance money to, or guarantee the payment of money by any public body, corporation or undertaking.

That includes loans, guarantees or advances to banks, trust companies, insurance companies, investment companies, transportation companies, construction companies. The section as it reads means that any of these bodies if large enough, may receive public moneys in the form of loans, guarantees or the like at the discretion of the governor in council, notwithstanding the provisions of any statute or law which may have been enacted by this parliament to safeguard public interests in any dealings with corporations such as I have mentioned. I should like to hear from the minister his justification for those words. Instead of the words of "notwithstanding the provision of any statute or law" I think there should be substituted "subject to the provisions of any statute or law." Unless the minister can give some real or substantial reason why the powers here being conferred on the governor in council, and which are very great indeed, should not be made subject to existing statutes and laws, I would be inclined to move an amendment making them subject thereto.

Mr. GORDON: Mr. Chairman, there is no doubt that the powers sought in this section are wide. I do not think I should be serving any useful purpose if I were to dwell at length upon the comprehensiveness of those powers, because I am sure every possible angle of this legislation has been explored not only during the last two sessions but during this session. Of course the statute is comprehensive, and if my memory serves me correctly the same language was used in the enactment of 1931.

Mr. MACKENZIE KING: Yes, but the present bill goes farther, has other clauses to which this language now applies.

Mr. GORDON: The same language was used with respect to investing the governor in council with the powers the enactment contemplated, notwithstanding any statute or law. If the suggestion of the right hon. gentleman were accepted, we would defeat the very object of the legislation. There might and probably would be laws on the statute books which would prohibit the carrying out of this proposed legislation, and that is the reason the powers are so comprehensive. On the sanity and care which is exercised in the administration of this legislation which would vest in the governor in council very wide powers, this government of course will have to be judged. We will have to accept that judgment, whether it be one of condemnation or otherwise.

Mr. MACKENZIE KING: If the substitution of the words I have suggested for the words appearing in the bill would defeat the object of the legislation then I cannot comprehend the extent of the power the governor in council may wish to have. What is the present position? All legislation enacted by the government to-day is subject to existing statutes and laws except to the extent that existing statutes may be repealed. They are asking for additional powers for the governor in council; surely if they are given all the additional powers they seek they ought to be content to accept them subject to existing statutes or laws. If there are statutes or laws standing in the way of the powers they wish to take unto themselves, let them indicate what those laws may be, so that we may deal with them specifically, and if need be let us remove them. I do submit, however, that to grant this further power to the governor in council by legislating far and beyond anything

parliament itself usually attempts is going altogether too far. I cannot see that there is any justification for going the length suggested in this section. Accordingly I move:

That section 2 be amended by striking out the word "notwithstanding" in line 24, and substituting therefor the words "subject to."

So that the section will read:

The governor in council may, on such terms and conditions as may be agreed upon, and subject to the provisions of any statute or law—

Then follows an enumeration of what the governor in council may do under the additional powers here vested in them.

Amendment negatived.

Mr. MACKENZIE KING: Lost on division.

Mr. RALSTON: May I refer to subsection 2 (d). This gives sufficient power to the governor in council either to guarantee the bonds of the Beauharnois undertaking or to advance money to the corporation. Is it intended to act under this subsection in connection with the Beauharnois project?

Mr. GORDON: So far as I know the matter has never been the subject of discussion. But I believe the hon. member is quite correct in suggesting that the subsection is broad enough to permit such being done if in the judgment of the government, it were a desirable thing to do.

Mr. RALSTON: Is it intended by this subsection to ratify the guarantees which have been given to the extent of some six or seven million dollars?

Mr. GORDON: There has been no discussion so far as I am aware as to adopting the course suggested under this section.

Mr. STEWART (Edmonton): The Prime Minister's words were fairly specific this afternoon with respect to this question. He said it was for the purpose of guaranteeing in any manner deemed advisable by the government a corporation that might be set up to carry out certain provisions of this bill. Surely this legislation takes on a different aspect altogether if the government are going to seek authority to deal with the Beauharnois project, and so ignore parliament entirely. Last session the government introduced a bill to deal with that project alone, stating that their predecessors in office had dealt with it by order in council, the legality of which they doubted. Now if this legislation is to be used for the purpose it is a real affront to parliament. Surely parliament is entitled to know if it is to be so used.

Mr. McKENZIE (Assiniboia): Some of us are rather curious to know just what the Prime Minister meant when last July he referred to receiving a great many telegrams from people in Saskatchewan requesting that they be allowed to give notes in return for relief granted to them. An order was passed on the 23rd of March for the production of those telegrams, and I think the minister should have them before him before the section passes. Has he on file the telegrams, or does he know anything about them?

Mr. GORDON: I have not the telegrams to which reference has been made; as a matter of fact I have not seen them.

Mr. McKENZIE (Assiniboia): Why is it that from March 23 up to the present time they have not been brought down? Four or five days ago I asked why they had not been tabled, and the Prime Minister said he was under the impression that they had been. There should be no difficulty in getting those telegrams. We are anxious to know who in Saskatchewan requested that the farmers alone should be required to give notes.

Mr. MacMILLAN (Saskatoon): They are honest people, why quibble about it?

Mr. McKENZIE (Assiniboia): Certainly.

Mr. GERSHAW: The minister has told us something about the drought-stricken area in Saskatchewan, for the relief of which this government has provided one hundred per cent. If the people of Alberta applied for similar consideration would it be extended to them? The drought-stricken area does not stop at the boundary; there are men in Alberta adjoining Saskatchewan who have lost three crops and are in a very unfortunate position. Of course, they are getting some relief, and I am not so much interested in the source of the relief as in the method, because they find it much more difficult to get relief than do their neighbours across the boundary. It looks to them very much like unfair discrimination.

Mr. GORDON: I think the hon. member raised the question when the debate took place upon the resolution. I thought I made it clear at that time that if representations are made by the premier of Alberta, and it is apparent that there is a condition such as the hon. member describes, and the province is unable to take care of it, the same consideration will be given to Alberta as has been given to Saskatchewan.

Mr. SMITH (Victoria-Carleton): Is not that applicable to every province?

Mr. GORDON: Quite.

Mr. NEILL: Under the subsection (d) there have been repeated reports in the western newspapers—and I think that is sufficient justification for me to ask the minister if there is any foundation for them —indicating the intention of the government of British Columbia to apply for the extension, either in whole or in part by the Dominion government, of the Pacific Great Eastern railway under this legislation. Has the minister had any formal or informal applications to this effect from the government of the province?

Mr. GORDON: I can state with a great deal of confidence that no such request has come to the Labour department. I am sure it would have been referred to me if it had come in. I know of no such request so far as the Labour department is concerned.

Mr. NEILL: You limit it to the Labour department?

Mr. GORDON: Yes. So far as the government is concerned I believe there have been some representations made.

Mr. NEILL: Thank you.

Mr. GARLAND (Bow River): I understand that in some of the western provinces work on the trans-Canada highway is to be stopped at the present time. If a western province should apply to the federal government for a renewal grant for the national highway construction, would it be granted under this bill?

Mr. GORDON: What grant has the hon. member reference to?

Mr. GARLAND (Bow River): I refer to the share of the cost of the trans-Canada highway that the federal government is supposed to have contributed in connection with the construction by the provinces last year.

Mr. GORDON: I believe that if a province makes representations to this government with respect to the trans-Canada highway and the continuance of work thereon, particularly in sections where work on that highway, through the agency of the camps to which reference has been made, is desirable in order to give relief and to provide a home and subsistence to those in need, this government would look favourably upon any such application.

Mr. WEIR (Macdonald): In connection with the drought-stricken area of Saskatchewan, where a relief commission has been established, in reviewing the correspondence that has passed, particularly between the Minister of Agriculture and the government of Manitoba, it is recognized that the drought area extends into both Manitoba and Alberta. I should like to know whether the governments of Alberta and Manitoba, in order to have direct relief provided in those areas, will be required to establish relief commissions similar to the commission established in Saskatchewan.

Mr. BENNETT: Since I made the arrangement with the province of Saskatchewan the Minister of Labour suggests that perhaps I might answer this question. The province of Saskatchewan was in a peculiar position. Last year it seemed to be the unanimous opinion of this house that where there has been three successive crop failures the event should be treated as a national calamity and the dominion should undertake the responsibility for all relief expenditures in that area. The commission has been administering relief in that area since that date, on that basis, except that with respect to seed grain the dominion has not incurred responsibility for distribution but has merely enabled the province to acquire the grain and make the distribution through its own officials. So far as the other provinces are concerned, namely Manitoba and Alberta, in neither province was there such a condition as that to which I have referred, that is, three successive crop failures. Where there had been one or two failures special provision was made to deal with the situation on an equitable basis under the terms of agreements made between the provinces and the dominion. The dominion has not insisted that commissions be established. If the provinces believe they can best discharge their duties without a commission we have not endeavoured to impose our will upon them. Thus far the other two provinces have functioned through their governments rather than through commissions.

Mr. RALSTON: While the Prime Minister was out I was asking the Minister of Labour with regard to subsection (d), the powers under it and the intentions of the government in connection with it. I asked whether or not by any possibility it was intended to use these powers in order to make advances or guarantees in connection with such a project as Beauharnois, and I thought the minister rather intimated that this might be possible. I think what he said was that the power was wide enough for that purpose. I understood the Prime Minister to say this afternoon that the corporation contemplated here was a corporation which the government might think it advisable to form for the purpose of administering relief measures and matters of that sort. If that is not so perhaps the Prime

Minister could give us a little more detailed explanation as to what sort of corporation is contemplated here, because this provision was not in the old act at all.

Mr. BENNETT: I think the hon. gentleman misunderstood what I said this afternoon; perhaps I was not speaking sufficiently loud to be heard. What I intended to say, and what I think I did say, was that this was intended to take the place of such a corporation. I stated that in the United States they had incorporated a finance corporation with a capital of $500,000,000, and when the resolution was before the house some time ago I pointed out what had been done in other countries. This afternoon I instanced the action of the Chancellor of the Exchequer in England in connection with exchange; I pointed out that some countries in South America had defaulted in the payment of interest on their external debt, and I stated that this was the case in other countries as well. This clause is intended to enable the government, instead of creating a corporation, all the capital stock of which it would hold, to make such advances to public enterprises or undertakings as may be necessary in the interests of the well-being of this country as a whole. Undoubtedly that is what is intended. There is no doubt that the provision is broad, but it is not so broad as what is now being done by the finance corporation in the United States, and I think it only fair to say to the hon. member for Shelburne-Yarmouth that I was endeavouring to avoid what I think he will agree it is desirable we should avoid, namely the creation of an organization for the purpose of doing just what the finance corporation is doing in the United States, relieving institutions of their difficulties in connection with frozen assets. Perhaps the hon. gentleman knows better than I do what would happen if we had such a corporation in this country; it would be asked to accept all the wildcat securities there were in Canada, and that I desire to avoid.

Without going into any very great detail I think it is not unfair to say to this committee that I do not suppose there is one member who does not realize that a condition might arise—and some prophets of gloom say it will arise—in which it may be most desirable in the interests of this country as a whole that we should prevent attacks upon our credit such as would bring about the results we have seen in the United States, where in two years some four thousand banks failed and innumerable trust and deposit organizations were compelled to close their doors, with a reorganization possible only by regard being had to the provisions of the finance act. I was told what I believe to be the truth, that half a billion dollars will not be sufficient for the purpose but that much larger sums of money will be required. We have not inexhaustible sources of supply, and it is my conviction that this clause is preferable, in the interests of the country and the orderly conduct of its business, to the creation of a corporation with power to do what the finance corporation is doing in the United States.

I can see how the hon. gentleman misunderstood what I said this afternoon. I was comparing what has been done in the United States with what we were endeavouring to do, and I suggested that the method we are adopting is preferable to the method which has been adopted in that country. In every case the public weal must be the determining factor, and the effect upon the national credit must be the matter that will influence any government in taking whatever action it may desire to take in the premises.

Mr. RALSTON: I appreciate the Prime Minister going into the matter so thoroughly, but the point I had in mind has not been quite cleared up. That point is whether or not the Prime Minister intends that this shall constitute a power whereby the government may guarantee or loan money to what we know as a private corporation, even though it may not be a private company as defined by the Companies Act. That is to say, the Companies Act provides for private companies, as my right hon. friend knows. I am not referring to those; I am speaking of large industrial private corporations doing business in this dominion, which may not be financial institutions, or municipal institutions or public bodies. I am giving Beauharnois as an instance; does the Prime Minister intend that this act shall be sufficiently wide to enable him to assist an undertaking of that kind, or is it intended to apply only to undertakings such as financial institutions, which I take it he has in mind, whose credit he desires to preserve for the general benefit of the national credit?

Mr. BENNETT: Mr. Chairman, I confess to the hon. gentleman that I would find it difficult to answer his question antecedently to the event. If a situation arose in this country in which I believed it desirable from a national standpoint to assist any public enterprise, which is defined as meaning an enterprise with more than thirty-five shareholders, I would not hesitate to recommend that this should be done. I say that very

frankly to my hon. friend. But the test must be the necessity of the case, and the necessity of the case must, in turn, be determined not only by the immediate effect upon the enterprise itself, which is not the primary consideration, but by the effect upon the country as a country. I need hardly say to the hon. gentleman that there are contingencies that might arise in this country, if the prophets of gloom are correct, that have no relation to the resources or the strength of the enterprises or institutions inherently; but because of, shall I say, panic conditions in other parts of the world, the immediate effect might be so great as to render it desirable to bolster them up for the moment with the public credit of this country. That is the purpose of it, and I put it to this committee whether it is more desirable to create an institution, just as was done in the United States, in which we should have to find the money to enable it to function and name two or three men as board of governors to do it. It might be done in that way, and it is not improbable that we should find ourselves in a position of very great difficulty by reason of the facts to which I have just alluded.

My best judgment is this—and I am not seeking to impose my judgment on the committee: I can only say frankly that I have given this phase of the matter much more thought and consideration than any other branch of the bill in consequence of what has been communicated to me by persons living outside of Canada who have endeavoured, with some degree of success, to impress upon me the fact that we may be faced with extremely difficult conditions on this continent during the next few months. International transactions of a large character have been carried on by this country in the past and we are not living solely to ourselves; and it might be desirable, in the judgment of those whose opinion I respect, that we should have some power such as this. Because I have myself a strong desire to be in a position to protect the credit and the safety of the financial structure of the dominion and of the provinces, this power is sought. I am only giving my private opinion when I say that unless I felt that the effect upon the country of any particular enterprise—using the word which I think my hon. friend used—being permitted to become insolvent or bankrupt —unless, I say, the effect of that upon the public, or upon the welfare of this country —perhaps that is a better word—were apparent, I should hesitate to recommend that the power should be used. If, on the other hand, the evidence of that result were there, I do not think any government could hesitate at a time like this to ask for its use and to use it.

I am afraid I cannot usefully give any more extended explanation except to say that in connection with Beauharnois I cannot recall that it has ever been suggested that the power should be invoked for that purpose. But if the necessity became sufficiently great the power would be employed for that purpose. I think it is only fair to answer the question that way, although that is not the purpose for which the power is put there. It is put there to meet a situation which I am bound to say one of my most valued colleagues strongly thinks could best be met by establishing a finance corporation. But my own judgment, my conviction is very strong that it would not serve the purposes we have in mind at this time to create any such institution. I am afraid I have gone as far as I reasonably could without putting myself in a position where I might find it difficult to reconcile my statement with the necessity that might arise; and if the necessity arises I do not desire to be limited either by any antecedent promise or by any restriction of interpretation upon the power here conferred.

Mr. POWER: I do not think anyone desires to embarrass the Prime Minister by asking for a more lengthy explanation. With respect to the clause itself, I suppose that those of us on this side of the house who think that the government has already taken sufficient power might oppose it; but I will agree with the Prime Minister that there is room for very wide divergence of opinion as to the method which he proposes to follow in loaning or advancing moneys. I suppose the Prime Minister has given—in fact he says he has—very careful thought to this matter, but it would appear to me and, I believe, to a great many of us, that the opinion of his valued colleague, to the effect that it would be better to have some kind of finance corporation or some kind of commission to deal with matters of this sort, would perhaps be worthy of more consideration than appears to have been given it.

The Prime Minister realizes better than anyone else does the amount of work which the members of his cabinet will have to do. They will be employed during a good part of the summer dealing with problems arising out of the imperial conference. It seems to me that it would be only the fair thing to relieve themselves of this burden, and they would be giving the best thought and consideration to matters of this kind if they set up some kind

of commission—and I am not saying that because I personally approve of commissions, for I think we have too many already. But this is possibly the most important section of the bill. The Prime Minister must be aware that, by inserting a clause of this kind, he is substituting himself and his government, and the Minister of Finance, I have no doubt, for a commission. All sorts of applications will be made for the backing and guaranteeing of wildcat schemes such as he has referred to, and I have no doubt the government have the strength of character to refuse these applications. On the other hand, it seems to me that the Prime Minister and the members of his government, or the treasury board,—I assume that they will be dealing with these matters—are taking on themselves a most intolerable burden. There are institutions in this country, there are public corporations and companies which are in urgent need of financing, and after hearing or reading the Prime Minister's statement of to-night they will, I have no doubt, be camped on his doorstep to-morrow. Personally I would suggest that this power and authority be curtailed somewhat, even if the minister were to accept an amendment, that such advances or loans should not be made unless they were in the interests of unemployment relief. The credit of the country can already be sufficiently protected by steps taken under clause (c), which declares that the governor in council may:

> Take all such measures as in his discretion may be deemed necessary or advisable to protect the credit and financial position of the Dominion or any province thereof.

It seems to me that is going pretty far; it is going almost far enough. If we are going to protect the credit of private corporations, I very respectfully suggest that that is a power that should not be in the hands of a political body such as the ministry.

Mr. BENNETT: In last year's act paragraph (c) of section 3 read as follows:

> Assist provinces, cities, towns, municipalities, and other bodies or associations, by loaning moneys thereto or guaranteeing repayment of moneys thereby, or in such other manner as may be deemed necessary or advisable.

Under the provisions of that statute moneys were loaned to four of the provinces and in respect to another an undertaking was made which happily had not to be carried into effect. No loans were made to municipalities, because we took the ground that there was no contact between municipalities and the dominion. If the hon. gentleman reads the clause to which he has just referred, he will observe that it covers cases dealt with partly in paragraph (c) of section 3 of the statute of last year, and also special provisions with respect to the provinces themselves.

I do not fear any camping upon the doorstep of the government by any enterprises, because the government has no intention that this power shall be utilized except under the circumstances that I have indicated. This power under paragraph (c) has been referred to on more occasions than one, but we have not yielded to such requests, nor have we any intention of doing so. I may say, however, that unless conditions were emergent, we should not have this bill before the house at all, and it will be borne in mind that when this afternoon we were discussing the nice division of power between the provinces and the dominion, their lordships of the privy council, speaking in connection with the regulation of paper prices, were good enough to say that there may exist in this country an emergency under which the powers of the provinces must be subordinated to, must be overborne by that of the dominion, for the national good.

In this instance, subject to whatever limitations may be imposed upon an executive by reason of a sense of the gravity of a situation and the responsibility they owe to the people at large, I know of no other way in which, without creating an invitation for the government to undertake to liquefy vast volumes of securities that are now frozen—which action it has no desire or intention of taking—we can accomplish what we have in mind. And because we desire to utilize these powers only where the national good is affected, although it may be charged that this is a political body, I should like to remind the committee that it is a political body which every year determines just what advances shall be made under the Finance Act to the banks of this country. It may be political, but I am only saying that is so and has been for years, yet I have not heard anyone say that this power has been exercised for political consideration. Every year the Minister of Finance and the treasury board must consider to what amount advances under the Finance Act shall be made to the chartered banks of Canada. The banks make their applications; they are rarely granted in full. The government, that is the treasury board, determines what action it shall take and grants the credits accordingly. No greater power is involved in the exercise of what is provided for under this clause than is provided for under the provisions of the Finance Act and the Bank Act, and I have not heard it charged that this political body has for political considerations exercised that power.

Mr. POWER: I am sorry if the Prime Minister thinks I suggested that. I did not mean to do so.

Mr. BENNETT: It was suggested it was a political body—

Mr. POWER: Yes.

Mr. BENNETT: —and if it was suggested, it was for the reason it might not properly discharge its functions. I am mentioning only by way of illustration that that power has been exercised for at least twenty-five years by the treasury board and there is no record of which I have any knowledge that it has been exercised except for the public weal. I might go on for a long time giving illustrations. If anyone for a moment suggests that this power is being sought merely to provide a little more work or a little more responsibility, he is entirely mistaken. It is an effort, if possible, to avoid some responsibility and to lessen the demands that may be made. I am practically certain that as regards any corporation that might be created of which the government would be the sole shareholder, the demand would be far greater for political influence than if it were regulated by the known considerations that affect governments in connection with matters under the Bank Act, the Finance Act and others to which I might refer.

Mr. RALSTON: My right hon. friend in this clause has, I think, bitten off, if I may use a slang phrase, for himself and his colleagues the greatest difficulty of any of those which have faced them since they have been in office, due to any cause one cares to name. At most, a power of this kind should be exercised in conjunction with and through the financial institutions of this country, and it will be a sorry day for the government—and I do not mean this in any political or partisan sense—and a bad day for Canada when the government finds it necessary to go into business in connection with any of the multifarious activities of our people. Take for instance the Beauharnois situation. The government, by undertaking to advance money directly, puts itself into the power business. Let us assume the paper situation gets worse. I happen to know a little about that and, as anybody knows, it is not good. It is an important national industry. Does my right hon. friend really think it a good thing even for this government to take authority to go into the paper business, and advance money directly to it? The same might be said for the textile business, the mining industry, manufacturing or agriculture or fishing. It would be far better if my right hon. friend limited this clause to guaranteeing or supplying money to the recognized financial institutions of this country and let them handle it as they are experts in that sort of thing. Some people think they are too expert; that they perhaps do not exercise the spirit of human kindness to the degree that borrowers would like, but we can be justly proud of our banking system and our banking institutions have stood up under a test which has been the admiration of those far beyond our own borders. My right hon. friend could do much worse than to limit this clause to a provision for advancing the money through our recognized financial institutions. Then let them use their discretion and the machinery and organization which they have, for the purpose of determining whether an industry is one which is worth while saving, whether its prospects are such as might justify an investment in or a loan to it, whether it is, in a national, not simply a commercial sense, one worth while assisting under this measure. I submit, with all due respect to him and his government and, in fact, to any government, this would be far better machinery for the purpose of exercising such power. My right hon. friend will say to me: Well, an emergency may arise. I say to him, with all deference, that before this government considers going into the power or the textile or the mining business or any other commercial activity, we had better have a special session of parliament in order to deal with the matter rather than have the government committing the country to the expenditure of large sums of money in commercial enterprises and creating precedents which we shall take a long time to live down. These are my views, and I hesitate even to express them in the light of my hon. friend's business experience.

May I say this further word, and I say it with all respect? I do feel that sometimes there is a tendency for men of large affairs when connected with government to feel, perhaps unconsciously, that they should have their finger on the commercial pulse. I submit that the business of government primarily is to take obstacles out of the way of industry and to assist general business as best they may by making conditions such that private enterprise can be allowed to be conducted and be prosperous under its own management. We can so easily get into the position where we have too much government in business. It may be good government; at least my right hon. friend and his supporters and a large part of the country may feel that it is, but nevertheless it is not a good

principle, and I submit that business and government ought to be separated. There is plenty of room for the activities of my right hon. friend and all his cabinet and all his supporters in taking obstacles out of the way of industry and not interfering too much even though with benign intentions with the activities of men who know their own jobs and have been able to run them so far. I submit that my right hon. friend might well amend this section by confining it to assistance through financial institutions and recognized organizations which generally provide financial assistance to industries which are in need of capital and which are deserving.

Mr. BENNETT: I only desire to make this further observation. With the closing words of my hon. friend from Shelburne-Yarmouth I have no quarrel. It was Jefferson who said that government was best conducted that interfered the least with business, and it was a great American who coined the phrase: He governs best who governs least, with respect to business. Business is not the function of government. I have publicly and privately expressed that opinion so frequently that I suppose it is well known to everybody. I do not believe it is any duty of a government to conduct the business of this country, and were it not for an emergent condition in which the national interest is affected it would not be even considered or mentioned so far as I am concerned.

With respect to what the hon. gentleman has just now said as to the method by which it is proposed to give effect, if effect is given, to the authority thus conferred upon the executive, I think in the very nature of things it would be done through the institutions of the country. No one is expecting that John Smith's company is going to come up and ask for a loan and get it, and if that is what the hon. gentleman is worrying about I can assure him that no one is going to deal with the matter in that way. My hon. friend is now discussing another phase, namely the method by which it would be done. I fancy if some of my colleagues were to tell the hon. gentleman exactly what my views are as expressed he would have no difficulty in learning, as naturally anyone with any experience at all would realize, that it would not be a proper exercise of power except in the most exceptional circumstances to undertake to make a loan to an enterprise as such, but one would through the constituted channels of business give effect to the provisions of the statute. When I say constituted channels of business I mean what the hon. gentleman is referring to, the banks and various other financial institutions that have to deal with the question of finance and credits. I am not unmindful, in fact, I have too much knowledge of what the hon. gentleman says as to the undesirability of governments trying to conduct business. I am having it brought home to me almost every day by the demands that are being made to meet the obligations which we have guaranteed of various enterprises simply because we found ourselves in business. Last week, for instance, it was the Montreal harbour commission in connection with the bridge; or it is the Quebec harbour commission; the Three Rivers harbour commission; the Chicoutimi harbour commission; the Halifax harbour commission; the St. John harbour commission. All these do not have their securities maturing on the same day, and the obligations are being constantly thrust upon us. There are others that might be mentioned. No one would think for a minute, if that is what the hon. gentleman has in mind, that one would desire to add to his responsibilities, or that any member of the government desires to add to his responsibilities by endeavouring to conduct the business of other people whose special knowledge should enable them to conduct it better than anyone else could. But there are enterprises in this country that are as much a part of this country as the country itself. There are great enterprises in this country to which references have been made in this house during the last few months. No one could contemplate disaster overtaking some of them, as the hon. gentleman himself said some evenings ago, without using every possible effort to prevent it. One does not know what may happen. I am not endeavouring in any sense to alarm this house, but I do know that every day one hears further tales of a situation that is not blamable to Canadians nor yet to a Canadian situation, but which obtains by reason of our relation to world business and world enterprise. I can assure the hon. gentleman that so far as I am able to control it, I should not endeavour to utilize these powers by direct action between the enterprises themselves and the dominion except, for instance, in a case such as he has mentioned, in the case of the Beauharnois undertaking—I did not think of it until he mentioned it—where the canal is completed and provides for navigation facilities, and for the sake of continuing the enterprise we acquire the bonds or short term notes, whatever they might be, that represent the cost of the navigation undertaking. That would merely mean a temporary loan pending the financing of the organization in accordance

with the terms of the order in council. That would not be in any sense an interference with business. That would mean the acquisition of securities that represented money spent for the building of a canal for navigation purposes, but being a much more comprehensive scheme than is necessary for merely power purposes. I mention that because the hon. gentleman has just brought it to my attention. But as to the methods to be employed to accomplish that end I have not given any thought to it. I do assure my hon. friend and this committee that no man who has had any experience in business in Canada under present conditions would think of endeavouring to have the government conduct business as such, but would look to the constituted organizations and institutions created by this parliament and otherwise for the purpose of dealing with these matters, feeling a sense of security in so doing and using entirely their own judgment in connection with the matter.

As an illustration I once more refer to a matter very painful to discuss, and that is the Manitoba savings office. It was just because we had no facilities to engage in the business of banking that we were not able to take over that enterprise. We had no facilities for that purpose, and all we could do was to utilize the existing facilities. One of two things had to be done. It was suggested that we take it over and say: Everything is safe, we will guarantee and take the business over. But we had nobody to put in the office. The office had to be continued or else closed, and I certainly gathered that it was intended to close it. It it were closed it would naturally be taken over by the only institutions that this country has to deal with that business, namely, the banks. The banks divided these deposits of about 40,000 people and became responsible for the payment to them of their deposits. All they had as security until we came into the picture were pieces of paper signed by the province of Manitoba, which had exhausted all its collateral securities, by sale or hypothecation, and which had left as security no money but only pieces of paper belonging to the province. They called them exchequer bills, and under those circumstances, just as the hon. member has pointed out, the banks said, "We will not add to our present securities of that kind; in fairness to our depositors and our business, we cannot. "But," they said, "if you will say that we are not going to be losers in this transaction, we will take over those deposits"—and we did. That is an illustration of the similarity of views between the hon. member and myself.

[Mr. Bennett.]

I do not think we are in a position to conduct that sort of business. If this country desires to nationalize its banking facilities, well and good. By a majority vote of parliament and by the government of the day introducing proper legislation it can easily do so. Until that time, however, I agree with the hon. member that the conduct of that business must rest with those who are specially trained and have had years of experience in the discharge of that kind of obligation and the transaction of that form of business. So far as possible I assure the hon. member that is exactly what lies in the minds of the government, if the powers under this section have to be invoked.

Mr. MOTHERWELL: Following the question by the hon. member for Assiniboia I should like to ask a question respecting the proposed dollar an acre on a seeded acreage basis. I think the ministry knows all about it, and they will be able to answer without the petition or the correspondence before them. This is the third time I have asked the question, and I do not wish any hon. member opposite to accuse me of nagging if I persist in my efforts to obtain an answer. The Prime Minister and the Minister of Agriculture are both present, and are familiar with the circumstances. The Minister of Immigration is in the chamber, but because of his short term of office in the Department of Labour he may not be quite so familiar with the facts. I should like to know, Mr. Chairman, the definite attitude of the government with respect to the proposed dollar an acre on the seeded acreage basis. All hon. members know that the north country which had excellent crops was treated magnificently. In some cases bonuses to individuals ran up to $1,000. The man who had much was given much, and the man who had nothing was given nothing; he had not enough to feed or clothe a canary, but was given the opportunity merely to sign a promissory note. We do not wish to speak to this matter over and over again, but we do want to know if that is to be the policy of the government as to the relative treatment of those two classes of people. I do not want a long answer; yes or no would be satisfactory.

Mr. BENNETT: The anxiety of the ex-Minister of Agriculture should not long remain unsatisfied. Petitions were presented, and those who presented them, without having to wait for an answer, were told that it was not the intention to pay a dollar an acre.

Mr. MOTHERWELL: It was not feasible?

Mr. BENNETT: They were told that at the time, and the government of Saskatchewan was told the same thing weeks and months ago. Therefore there could have been no difficulty in understanding that the government had declined to meet that request. It has declined as courteously as possible; it has declined as firmly as possible; there was opportunity for neither ambiguity nor misunderstanding. They simply said, "no" as politely as it could be said. I am sure it was said as politely as any observations made by the hon. member for Melville in this or any other session.

That being so, the hon. gentleman says that the north and south have been treated differently, and he makes the further statement that the bonus resulted in some receiving large sums of money; he mentions the sum of $1,000. The bonus was paid for one reason, and for one reason only, namely that the cost of production exceeded the cost obtainable for the grain, owing to the depressed conditions throughout the world. I do not know, but I am told by one of the prime ministers in the west that had it not been for the intervention of the federal government the price of wheat would have fallen to forty cents a bushel. Whether that statement is correct or not I cannot say.

So far as those in authority is concerned, I wish to go further and state that when we made provision for the bonus the crop reports were somewhat different from the actual returns, and the crops in the north were much more favourable than had been anticipated. In other words there was a larger crop harvested in the west than was expected at the time we took action, and I am very glad that was so. I do not think any of those who received the bonus find themselves so rich that they have had difficulty in disposing of their money. In the south, where the crop was a partial failure, the government was called upon to make very substantial contributions. The hon. member will no doubt recall that in cases fifty per cent and in one or two cases sixty per cent was paid either by way of direct assistance, or otherwise, to enable those who had gone two years without a crop, or with only half a crop, to find themselves in a better position. It does not follow that this seeming inequality resulted in as great hardship as would appear; in fact the hardships were not nearly as great as they appear when stated. I think I can say I have answered the hon. gentleman's question, and I am sorry he was not aware of the answer that was given some months ago.

Mr. MOTHERWELL: That is quite satisfactory. I do not say the solution is satisfactory, but at least we have had a statement, and that is the first time such a statement has been made in my hearing in this house. The last statement was made by the Minister of Agriculture, and was very plausible. He took the ground at that time —and I think he was justified—that inasmuch as there were certain adjustments to take place between the dominion and the province of Saskatchewan a definite answer could not be given until the end of the fiscal year. So far as the delegation is concerned, may I say they went back home and had nothing but good things to say about the way the Prime Minister had received them. He gave them everything but an assurance that they would receive the bonus. They were not turned down, however; there was still hope of some alternative, or something to come in the following year. They certainly did not consider they had been turned down flat. Now, however, when we know the situation, we will not persist any longer. I know the policy of the government, and I shall not discuss the relative merits of the two kinds of treatment. At a later time when I shall have something to say, I shall know my ground.

Perhaps now at this time we could get some information concerning the promissory notes. The hon. member for South Battleford asked one or two questions, but the Minister of Immigration seemed to shy a little bit from an exhaustive or definite answer. The people of Saskatchewan do not want to be beggars, but at the same time if there is going to be a dole policy in all other parts of the dominion and a promissory note policy in Saskatchewan, why the discrimination? Why should we be thrown into the hands of the Saskatchewan government subject to whatever action they wish? When we ask this government what it means they disclaim any responsibility in the matter. I should like to have a statement from the Prime Minister—that is good enough for me. If he tells us that the government will continue the promissory note plan with the Saskatchewan farmers and the same if there is any further seed to be obtained, and if he will say that they are not going to insist upon that policy in any other part of the dominion, we will know then what opinions to form of the disparity between policies—between the treatment Saskatchewan gets and that given to the balance of the dominion.

Mr. BENNETT: Mr. Chairman, the provision for the taking of seed grain liens for

seed grain advances is a matter wholly determined by the provinces of Manitoba, Alberta and Saskatchewan. I only know we were assured that they were by appropriate legislation making provision in that regard. As to the details of it, I am not in a position to speak because the government did not believe it had, for the reasons given this afternoon by the leader of the opposition, the right to ask the provinces how they did their business. Saskatchewan, Manitoba, and Alberta borrowed from the dominion government money to pay for seed grain, and that seed grain was sold to their citizens—that is my advice—and for that they took a statutory lien specially provided for by the respective legislatures. My memory is that having told us they proposed to do that we merely said: We assume you are taking the security that you mentioned—because part of it was verbally said—in this regard. I do recall that one province proposed that the seed should be paid for within one year, and some I think within two years. The details of that each province has to work out itself. I am bound to say I have not even seen the bill that was passed by any one of the three provinces to deal with this matter. They have all been treated on the same basis, and they are the only provinces thus far that have sought advances from the dominion to buy seed grain. It is not the obligation of this government to supply seed grain; when those provinces were part of the Northwest Territories it was, for then they were wards of the dominion. Every province stands in the same position, and none other than three western provinces has asked for money with which to buy seed grain. That is so far as my memory serves me at the moment. The advances that they desired were very substantial. For those advances they gave us treasury bills to the extent of one hundred cents on the dollar. As they are only permitted to give treasury bills for a year at a time, I think they were all payable one year from date, with interest at the same rate as that at which we borrow money.

Mr. MOTHERWELL: The Prime Minister was not in the chamber the night when I first deal with this matter. I have since called up the Secretary of State (Mr. Cahan) and find that the Saskatchewan bill dealing with the incorporation of the relief commission and authorizing them to do so and so with respect to relief and seed grain has been received by him and forwarded to the Justice department. It is known as Bill No. 54, and anyone can find the bill there. Evidently this Saskatchewan relief commission is to be an incorporated body to act for some time and clothed with all kinds of power. But that is not answering the question with regard to the promissory notes. Are we up there to sign promissory notes while everybody else gets relief gratis? That is what I want to know.

Mr. McKENZIE (Assiniboia): The Prime Minister was not in the house a short time ago when I asked a question of the Minister of Labour (Mr. Gordon) with regard to an order of the house that was passed on the 23rd of March for a return showing the telegrams that the Prime Minister had received and to which he referred in his speech of July 29th last. On that occasion he said that he had received several telegrams from the province of Saskatchewan suggesting that it was not desirable that direct relief, which might be regarded as charity, should be accorded to those in distress, and they were asking for permission to sign some documents. I think the Prime Minister told me a few days ago that he thought the return had been brought down. Can he give us any information now before this section passes as to why the return has not been tabled?

Mr. BENNETT: I gave instructions that any telegrams asked for be given to the Secretary of State and laid before the house. Beyond that I have not been able to pursue the matter myself. I thought any correspondence referred to had been brought down. Personally I was informed by the Saskatchewan government when I was in Regina in the fall of last year—as the hon. gentleman knows it was in the newspapers—that a number of people did not desire to be the recipients of charity and suggested they should give notes. But that is not the matter we are now talking about. The hon. ex-Minister of Agriculture (Mr. Motherwell) is asking about seed grain, and I am talking about the seed grain of this year in answer to his question. I have endeavoured to make it perfectly clear that the province of Saskatchewan has passed legislation that deals with this matter and has bought and paid for the seed wheat, or whatever seed it might be, although we took some preliminary steps to assist them in the first instance by ascertaining there was seed grain that might be available in the event of its being paid for. There were difficulties, as the hon. gentleman knows, by reason of delays in getting the money to pay for the seed grain. So far as giving notes is concerned, I had not known what the form

of the note was until the hon. member for Weyburn (Mr. Young) was good enough to send me over a copy. He will recall my asking him to do so.

Mr. McKENZIE (Assiniboia): This matter of the notes given in Saskatchewan has been discussed right along since this bill has been before the house. The Prime Minister was not in probably when we were talking more particularly of the notes. There are other members in this house as well as many people outside—there are some in my constituency—anxious to know who the individuals were who telegraphed the Prime Minister to be permitted to give notes. Will the minister bring down those telegrams?

Mr. BENNETT: I will ask my secretary to try to ascertain where the documents are. I do not think I fully understood what the hon. gentleman meant until this minute. He is talking of the form of notes of last year; I was talking of another form this year. It is true I was not in the chamber this evening, but on the other occasion I asked that the return be located and the papers produced. I do not keep a record of all these things in my head.

Mr. VALLANCE: It seems that the whole matter of relief is being dealt with on clause 2. So far I have refrained from discussing the subsidy for field, farm, forest, sea and river and mine products until we reach section 3. Are we privileged to discuss it now, or would the minister prefer to have it dealt with on section 3?

Mr. GORDON: I think it desirable that we dispose of section 2 before starting section 3.

Mr. MOTHERWELL: Before we take up section 3 I want to get an answer to my question. Ever since last year until quite recently the commission in Regina has been extolled from the housetops as being the most wonderful institution of its kind. Now we find nobody around here wants to speak a word for it? What has happened? Can't we get something more about what it is doing and who is responsible for it? We know who appointed the commission; of course the Saskatchewan government appointed it, but there are three supervisors, and we would like to know more about them; we understand they were appointed by the Minister of Agriculture. Then we have a super-superviser in the person of Percy Gordon, and we would like to know more about his duties. We want to know first if this is to be a dole all over the dominion with the exception of Saskatchewan, and if Saskatchewan is to be expected to pay back everything it gets. Are they all to be treated alike or are they not? Is the government to hold itself responsible in any measure at all for the policy of the Saskatchewan relief commission, or are we to be thrown into the maw of this commission and just take what we can get? I do not want to be too insistent about this, Mr. Chairman, but please do not call this section carried until we get a more specific answer with regard to these promissory notes which the Saskatchewan farmers have to give for everything they get. The Minister of Immigration knows that I asked these questions last Friday. I did not request a reply; I asked him to discuss these questions with his colleagues over the week-end and try to give us a reply later. I said it as nicely as I could, but we are still without a reply.

Mr. BENNETT: I have endeavoured to answer categorically the questions asked by the hon. gentleman, and I will do so again. Seed grain is covered by a statutory lien which was created by the legislature of Saskatchewan. This government had nothing whatever to do with it beyond supplying the money, for which we obtained the treasury bills of the province, to enable them to purchase the grain sold to the farmers. My understanding of the bill, which I have not read, having seen only what was said to be in the bill, is that it provides for payment out of the proceeds of the crops of this year and next year of the moneys advanced for seed grain and other purposes. Is that a clear statement of the situation? The province borrowed the money and with it bought seed which it sold to the farmers of Saskatchewan, obtaining therefor statutory liens which were adopted at the last session of the legislature. That is the position.

Mr. MOTHERWELL: My right hon. friend is about two laps behind everyone else. I put all that information on Hansard away back on March 31. I could read it, but the Minister of Justice would check me up.

Mr. BENNETT: Then why ask for that information again?

Mr. MOTHERWELL: I am not asking for it again; that has nothing to do with the promissory notes. I think these two hon. gentlemen had better get their heads a little closer together and see if they cannot answer the question I am asking. I supplied the answer myself with regard to the seed grain liens, and I had the bill here.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: You can smile about it; I suppose you think it is a great joke, but you are not appearing to very great advantage just now. On March 31 I put on Hansard all that information, and neither of the hon. gentlemen who are looking after this bill were in the house at the time. Now they go warbling around about where this bill is now. I have told them where it is; it is in the office of the deputy Minister of Justice. It is not scheduled yet by the number of the chapter; it is just Bill 54 as it came from Regina. I do not want any more information about that bill; I gave that information about a month ago, and I do not want hon. gentlemen opposite to retail that back to me to-night as news or information. I want to know about the promissory notes and the relief that is to be given between now and next harvest. Is the promissory note system to be continued by the Saskatchewan government on behalf of this government? That is what they are doing; they are taking promissory notes collectable by the relief commission on behalf of this government, and we hold this government rather than the Saskatchewan government responsible for the whole business.

Mr. BENNETT: By his observations my hon. friend has indicated that he was asking questions with regard to which he enlightened this house himself, and for which he takes great credit. We have now to deal with the other question, that of promissory notes for relief given last year by the commission, and continued. Some months ago I explained to the house as clearly as I could that these notes were taken by the commission. In consequence of statements which were made I inquired and found that the commission had taken notes from all persons who received relief, and that the notes were made payable to the crown in the right of the dominion. The hon. member for Weyburn showed me one of the notes, the first I had seen; he sent it to me across the floor of the house. I said further that those notes were taken, as I understood it, because many of the applicants for relief said they did not wish to be in the position of receiving charity, and as a consequence they gave notes. In practice it has been found very excellent in preventing abuses. In other words, by giving a note, whether or not they ever intended to pay it, at least they placed a limitation on what they were receiving, and I can only say further that in one or two cases in which there were abuses, to which I directed attention some weeks ago in this house, it will be remembered that relief had been obtained by some who were not entitled to it, and the very notes they had given formed the foundation upon which appropriate action could be taken.

I can only repeat to the hon. gentleman that notes have been given payable to the crown in the right of the dominion. These are printed forms which have not been departed from by the commission that took the notes. So far as I know, notes have been taken by the commission, whether or not in all cases I cannot say, but certainly in the cases to which reference was made when we were discussing this matter some weeks ago. We can neither add to nor detract from that fact; notes have been taken and given. They are payable to the crown in the right of the dominion. The commission asked for and received the notes; those who received benefits gave the notes as indicating the extent to which those benefits were received, whether in the way of provisions, clothing, or whatever it might be, in consequence of the orders given by the commission.

Mr. MOTHERWELL: This is all with reference to the past, and we know about the past. My hon. friend from Weyburn told the right hon. gentleman about these matters a couple of months ago, and he was the first to inform my right hon. friend about these notes. What I should like to know now is what will be done between now and next harvest. Are these notes to continue until then? Will this government hold itself at all responsible for anything the Saskatchewan government may choose to do? What will be the policy with regard to this matter for the next few months?

Mr. BENNETT: That is a matter entirely in the hands of the commission and the government of Saskatchewan. It is perfectly clear that this must be so.

Mr. MOTHERWELL: Then we want to know more about the commission. Who are these supervisors? We should have a pretty good commission there now; we have these three supervisors as well as the extra super-supervisor supervising them. I do not know who is supervising this super-supervisor, or whether we can go back indefinitely, but we would like to know all about them. I think the Minister of Agriculture should come to our assistance in this regard; I believe he was responsible for their appointment. I do not wish to drag him into this discussion at this late hour, but he took a lot of pride in the fact that when he was absent he would have two or three supervisors keeping this commission on the right track. I think perhaps

there is something to be said for that idea, but I would like to know more about this super-supervisor,—Mr. Gordon, who is over these three supervisors. What is his salary? We should have a great sense of security now; we should not be alarmed about the policy that is to be adopted, and we would not be alarmed if we could be sure that all these gentlemen were one hundred per cent for the farmers and that they were entirely non-political as at one time it was claimed. If the Prime Minister has no further information to impart I will not ask any more questions just now.

Section agreed to.

On section 3—Powers of governor in council.

Mr. VALLANCE: I notice that subsection (b) states that the government may:

—assist in defraying the cost of the sale and distribution of the products of field, farm, forest, sea, river and mine.

I should like to ask the minister this question: Is it the intention of the government to carry on the subsidy paid last year for wheat, or are they going to extend this to the products of farm, field, forest, sea, river and mine, as was suggested by the hon. member for Simcoe? I believe it was in the budget debate that he suggested that the subsidy that was given to wheat should be extended in some measure to the other products of the farm. I should like to know from the minister—I notice the Prime Minister is with him—just how far the government intends to go in subsidizing the various products of farm, field, forest, sea, river and mine.

Mr. GORDON: With respect to this clause, there has not been, up to date, one single thing decided as to what may be done with regard to any of these items. With respect to the five cents per bushel bonus, that has not been decided, nor has any decision been arrived at regarding any of the other items. The clause is there, so that if occasion arises and it becomes desirable and necessary the government will have the power to take such action as seems proper.

Mr. VALLANCE: May I assume that if the government, in July or August, say, decide that conditions in the wheat market, in view of the crop situation, warrant action, then they propose by this legislation to take to themselves power so that at any time they may say to the farmers or to the fishermen or to the miners just what they intend to do for them? Have the government no fixed policy in this regard? Is that what I am to understand from the minister?

Mr. GORDON: It would be most difficult for any government to fix a policy to-day to meet events that have not yet occurred.

Mr. VALLANCE: You did it last year.

Mr. GORDON: No. The same clause that appears in this bill appeared in last year's bill, and when the situation arose with respect to the bonus on wheat, which was long after the bill had been passed, then appropriate action, or what the government considered appropriate action, was taken. Surely the hon. gentleman realizes that until the necessity presents itself the policy of the government cannot be declared, even if it were desirable to anticipate what that policy might be or to disclose it before the event.

Progress reported.

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

Tuesday, May 10, 1932.

The house met at three o'clock.

CIVIL SERVICE

REPORT OF SPECIAL COMMITTEE ON APPOINTMENTS, ADMINISTRATION AND OPERATION OF CIVIL SERVICE ACT

Mr. J. EARL LAWSON (West York): I beg to present the second report, which is a unanimous one, of the select special committee appointed to inquire into the appointments to, and the direction and control of, the civil service of Canada and, generally, the administration and operation of the Civil Service Act, with instructions to inquire into and report concerning the repeal or amendment of any of the provisions of the said act or the substitution therefor or addition thereto of other provisions, as the committee may deem advisable, as follows:

1. With a view to providing that a transfer may be made of a civil servant from one position to another without necessarily involving an increase in remuneration, your committee recommends that section 13 of the Civil Service Act be amended by striking out the word "either" in the sixth line thereof and the words "transfer or" in the sixth and seventh lines thereof.

2. In order to have the provisions of the Civil Service Act comply with the practice which has been established, and with a view to obviating unnecessary correspondence passing between the Civil Service Commission and the departments in respect of promotions, your committee recommends that subsections one and two of section 14 of the act be repealed and the following substituted therefor:

14. The rate of compensation of an employee who has not reached the maximum rate of compensation of the class in which he is serving, may, subject to the regulations of the commission, be increased by the deputy head if he is satisfied that the employee has rendered meritorious service and has increased his usefulness in the service. Such increase shall be to the next higher rate for the class. The new rate shall become effectual at the next quarterly date after the said increase is granted by the deputy head, that is to say, either the first day of January, April, July, or October, provided, however, that no employee whose rate of compensation exceeds six hundred dollars per annum shall receive an increase under the provisions of this section more than once in each year.

3. To correct an obvious error, your committee recommends that subsection two of section 15 of the Civil Service Act be amended by striking out the word "minimum" in the eighth line of the said subsection, and by substituting therefor the word "maximum."

4. To avoid uncertainty as to the interpretation of the words "bona fide residents" in subsection three of section 21 of the Civil Service Act, your committee recommends that the said section be amended by striking out the words "bona fide residents of such locality" at the end of the said subsection and by substituting therefor the words:

"persons who have resided in such locality for a period of at least one year immediately preceding the date last set for receiving applications for such local positions."

5. The Department of Justice having ruled that section 24 of the Civil Service Act permits the deputy head of a department to reject an appointee of the Civil Service Commission without reasons stated therefor, and without trial, your committee recommends that the deputy head of a department have power to reject only for cause, and that such cause be specifically stated.

6. That the provisions of the Civil Service Act as to length of residence in Canada required for eligibility for appointment may accord with the provisions of the Naturalization Act, your committee recommends that subsection one of section 33 of the Civil Service Act be amended by striking out the word "three" in the last line of the said subsection and by substituting therefor the word "five."

7. To enable those who have been in the civil service for less than one year to have limited holidays and to make reasonable provision for holidays for those in the service in tropical countries, your committee recommends that subsection one of section 46 of the Civil Service Act be amended by adding thereto the following words:

"and may grant to each officer, clerk, or other employee who has been less than one year in the service, leave of absence at the rate of one and one-half days for each completed month of continuous service prior to the commencement of the fiscal year; provided that trade commissioners or other officers in tropical countries may be granted a yearly leave of absence for a period not exceeding one calendar month in any one fiscal year, if they have had at least one year in the service."

8. To permit of suspension of an employee, for the purposes set out in section 51 of the Civil Service Act, by his superior officer at distances from Ottawa, your committee recommends that section 51 be amended by adding after the words "deputy head," in the second line of the said section, the words: "or any official of the department nominated by him."

9. Your committee recommends that section 60 of the Civil Service Act, as enacted by Chapter 38 of the Statutes 19-20 George V, be repealed.

10. In order that vacancies created by retirement may be promptly filled, thus promoting greater efficiency in the civil service, your committee recommends that, when financial conditions in Canada are sufficiently improved, the Civil Service Commission amend the regulations under the Civil Service Act so as to provide for the granting of a gratuity upon retirement equal to the sum now paid out and in lieu of absence with pay.

11. In order to reduce to a minimum overmanning and over-lapping in the service, and in an endeavour to assure permanency of employment to civil servants, your committee recommends that the Civil Service Commission carefully scrutinize all requests for appointments in an effort to absorb surplus personnel by transfer, or, by any other means in its power, to obviate the necessity of filling vacancies with new personnel and to accomplish by their abolition a reduction of existing positions which are not essential.

12. To promote economy and efficiency in engineering and mapping services, or in other services which can be centralized, your committee recommends to the Civil Service Commission that a careful study be made of such government services with a view to amalgamations thereof.

13. It appears from a cursory examination of "The Classification of the Civil Service of Canada" that anomalies therein exist.

Your committee recommends, therefore, to the Civil Service Commission that a more constant and efficient check on classification be made.

14. Your committee recommends to the Civil Service Commission that ways and means be sought to bring about greater cooperation between the organization branch of the Civil Service Commission and departmental officials with a view to obtaining necessary reorganization and equalized classification.

In the opinion of your committee very little has been accomplished by this branch of the commission which, if strengthened in personnel, would perform a very necessary and useful function in promoting efficiency and economy

15. Representations having been made on behalf of female civil servants, your committee is of opinion that there being no discrimination as to sex in the provisions of the Civil Service Act, no amendment thereto in this connection is necessary.

Your committee recommends, however, that the Department of Health, in conjunction with the organization branch of the Civil Service Commission, should make a survey for the purpose of recommending improvements, where necessary, in the sanitation and welfare facilities in government offices.

16. Your committee recommends that the Civil Service Commission amend its regulations so as to provide that as between those entitled to the disability preference under the act, and other things being equal, a veteran with dependents be given the preference over

a veteran without dependents, and likewise a veteran with dependents over a veteran without dependents as between those entitled to the overseas active service preference.

17. It appears from the evidence adduced before the committee that certain positions on the staff of the House of Commons cannot be satisfactorily filled by open competition.

Your committee recommends that the Civil Service Commission exercise the powers conferred upon it under section 59 of the Civil Service Act, so that such positions on that staff as can best be filled from sessional employees shall be filled by competition limited to such employees.

18. Your committee is of opinion that there is a great deal of over-lapping in the performance of duties by the heads of different branches of the Civil Service Commission, owing to matters receiving the attention of the secretary of the commission which are in no way related to secretarial duties.

Your committee, therefore, recommends that the secretary of the Civil Service Commission be called upon to perform only those duties which are peculiarly those of a secretary and that the Civil Service Commission consider ways and means of eliminating duplication of correspondence and departmental memoranda which now pass through the secretary to the commissioners.

19. Your committee is of opinion that there are unnecessary delays in obtaining appointments and promotions by reason of the cumbersome routine now prevalent in the administration of the act and recommends that the Civil Service Commission exercise the powers now vested in it to simplify such procedure.

Your committee further recommends that all papers, documents, et cetera, placed on the files of the commission be consecutively numbered in each file, so that removals or deletions therefrom will be apparent.

20. With a view to promoting efficiency in the administration of the provisions of the Civil Service Act and in the direction and control of the civil service, your committee recommends that there be added to the committees of this house a select special committee on civil service matters, such committee to consist of seven members.

21. To facilitate the adjustment of complaints of a civil servant, where such complaints cannot otherwise be adjusted, your committee recommends that such complaints be adjudicated by a board consisting of a nominee of the civil servant organization of which the complainant is a member, a nominee of the deputy head of the department affected, and a nominee of the chairman of the Civil Service Commission.

22. Inasmuch as it is apparent from the evidence adduced before your committee that there are grave anomalies in respect of long term temporary and prevailing rate employees, your committee recommends that the claims of these employees be further investigated by the Civil Service Commission with a view to reporting and submitting the question to the proposed select special committee of the House of Commons on civil service matters.

23. Representations having been made to your committee concerning amendments to the Civil Service Superannuation Act, with respect to the extension of time for election and the return of contributions, and it being doubtful if the subject is within the scope of the present order of reference, your committee recommends that a committee be appointed at an early date to consider the matter and that, in the meantime, the advisory committee on the Civil Service Superannuation Act should consolidate its recommendations and present a report on the subject to such committee of the house.

24. Representations were made to your committee on behalf of the Professional Institute of the Civil Service of Canada. It would appear that the subject matter of some of these representations have been considered by the Beatty commission. They are sub judice. Your committee does not, therefore, see fit to make any recommendation relative thereto.

25. From the evidence adduced and in view of the submissions of officials of the Post Office Department, your committee recommends that order in council P.C. 1053, dated June 29, 1922, as amended by order in council P.C. 17/1751, dated September 12, 1929, be further amended so as to provide for the exemption from the operation of the Civil Service Act of postmasters in revenue post offices where the revenue does not exceed $3,000 per annum.

Your committee further recommends that such amendments be made to the Civil Service Act and/or the regulations thereunder of the Civil Service Commission so that postmasters hereafter appointed to revenue post offices having a revenue in excess of $3,000 per annum shall be within the full operation of the Civil Service Act.

26. Your committee, being of opinion that the position of commissioner of the Civil Service Commission of Canada calls for very special qualifications because of the wide powers conferred on such commissioner for the maintenance of the merit system in matters of appointments to and promotions in the Civil Service of Canada, recommends,—

I. That the present chairman of the Civil Service Commission, who has now passed the age of seventy years, be retired; that, because of his long and meritorious years of service in the public service of Canada and as chairman of the Civil Service Commission of Canada, he be granted a gratuity;

II. That Commissioner J. Emile Tremblay be retired; that, because of his twenty-two years of service in the public service of Canada, he be granted a gratuity;

III. That Commissioner Newton MacTavish be retired and, in lieu of notice, be granted a gratuity.

27. Your committee desires to record that it has been impressed with the ability and integrity of Mr. C. H. Bland, assistant secretary and chief examiner of the Civil Service Commission. He has shown a comprehensive grasp of the principles underlying the merit system and the Civil Service Act and of the details connected with the administration thereof.

28. Your committee held thirty-nine meetings and heard thirty-three witnesses, including deputy heads of departments, officials of the Civil Service Commission and representatives of civil servants' organizations. A copy of the minutes of proceedings and evidence is tabled herewith.

29. Your committee recommends that the orders of reference, reports, proceedings and evidence taken, together with a list of the exhibits filed, be printed both as an appendix to the journals of the house and in blue book

form, 500 copies of the latter form to be printed in the English language and 200 copies in the French language; and that standing order 64 be suspended in relation thereto.

All of which is respectfully submitted.

J. Earl Lawson,
Chairman.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I beg to lay on the table of the house orders in council Nos. 1076 and 1077 passed pursuant to the provisions of the Unemployment and Farm Relief Continuance Act, 1932, both referring to the payment of money.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as I understand it the orders now laid on the table refer to the approval of payments that were undertaken prior to the expiration of the act. They are not in the nature of orders in council passed since the act expired?

Mr. GORDON: All the orders in council being laid upon the table are pursuant to the provisions of the statute.

SUPPLY—WHEAT BONUS

CONTINUATION OF PAYMENT OF FIVE CENTS A BUSHEL ON CROP 1932-33

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of supply.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, before the house goes into committee of supply I desire to take a few minutes in a discussion of agriculture in western Canada. I realize that hon. members feel the time has come when we should try to clean up the business of the session and get away as soon as possible. It is not my desire therefore to speak at any great length on the matters I have to bring before the house, and I shall make my remarks as brief as possible.

Conditions under which we are operating at the present time are very difficult for all classes of producers, irrespective of whether they are primary or secondary. However there are certain industries in Canada which are of great importance, and they are usually classed as the primary industries, among which agriculture ranks as the most important. In so far as the production of agricultural commodities is concerned, wheat ranks first in importance. In discussing the question of wheat, its relation to the welfare of Canada and its importance in our export trade I desire to remind the house that the bulk of our wheat is produced in western Canada. Not only is there a great yield but the product is of an extraordinary quality and appreciated not only in Canada but in the markets of the world.

Those of us who went to western Canada twenty or thirty years ago realize that the prosperity of the west has been built up mainly on one commodity, namely wheat. In fact if we go back to the early part of the century we find that people were induced to come to western Canada primarily to produce wheat, and the immigration literature to be found in countries outside Canada called attention to the great opportunities western Canada afforded for its production. Under those circumstances therefore the west has been opened up and primarily developed on that one commodity. I do not say of course that other agricultural commodities of importance are not produced in western Canada, because they are. We find our live stock industry is very important, as is also our dairy industry. But I desire this afternoon to confine my remarks to the situation as it affects the wheat growers. Members in this corner of the house, in fact I believe members generally, have been waiting very patiently for some word from the government as to what its policy would be with regard to agriculture. Up to the present time we have had no intimation as to what the government policy might be. I am not unmindful of the fact that governments under present conditions have a tremendous responsibility upon their shoulders, and therefore in discussing these matters of importance we must extend a very large measure of sympathy to the men who to-day are carrying that responsible burden for the Canadian people. However, that does not relieve me of the responsibility, as the representative of a constituency in western Canada, of inquiring of the government what they are going to do with regard to present conditions as they affect agriculture.

Since the last election the government have taken certain steps, mainly by way of increased tariffs, which in their opinion were calculated to relieve some of our industries. Indeed, they went so far as to raise the tariff on agricultural products, but we still find that the prices of these products have been getting lower and lower all the time. Now, we recognize that the real problem facing agriculture to-day is the low price of its products. If we were in a position to secure remunerative prices, then we would probably be able to overcome the situation; but with prices far below the cost of production we must look to the government for some assistance in this extreme condition.

During recent months since the depression has become very acute the farmers of western Canada have received a good deal of gratuitous advice, and most frequently this takes the form of suggesting that in order to overcome their difficulties they should go into mixed farming. Those of us who know western Canada well know that there are great sections of country there that cannot be utilized for mixed farming. Take the southern part of the prairie provinces, much of it is not adapted to mixed farming. May I say from my observations that where mixed farming can be fairly well carried on it is in full operation in those districts. Therefore suggestions that our farmers should still further go into mixed farming do not carry very much weight with the person who actually knows the conditions now in existence in western Canada. But even if there were other areas of western Canada where mixed farming could be carried on satisfactorily, permit me to remind the house that the price levels of mixed farming products, such as beef, pork, mutton, eggs, butter and so on, are away below the cost of production. So it is unsound advice to tell the western farmer that if he engaged more in mixed farming he would probably get over the difficulties with which he is now faced.

Now, sir, I have recently received many communications from farmers in western Canada, and only a day or two ago I received some letters intimating that the prices they are receiving for their products are extremely low. For instance, one farmer told me he was receiving about four cents a dozen for his eggs, $2.50 a hundredweight for the best pork that could be produced in western Canada, eight cents a pound butter fat for special cream; and other products were at a similarly low price level. Under these conditions it is absolutely impossible to-day even for the mixed farmer to sell his products and make a profit.

The problem which I wish to deal with more particularly has to do with wheat. As far as western Canada is concerned, I have already intimated to the house that we produce the very best grade of wheat grown anywhere in the world. And we are proud of that fact. Not only is it a question of tillage, but also of climate and soil; with these three combined we are able to produce the very finest quality of wheat. I made some investigation last fall to find out if possible what was the cost of producing a bushel of wheat in Alberta. I received a lot of very valuable information from different sources. This I finally summed up to the effect that last year in Alberta it cost on an average 76 cents to produce a bushel of wheat. That was based on an average production of twenty bushels per acre. In some cases the cost of production was higher, in some lower, but in dealing with a matter of this description we can only take an average, and 76 cents a bushel is the average as near as I could arrive at it. The price level of wheat at the head of the lakes to-day runs about 59 cents a bushel. It is apparent that when the farmer has delivered his wheat to the head of the lakes and paid the freight, he is still about 17 cents below the cost of production—that is, provided he has No. 1 wheat; if he has a lower grade, then his loss in the cost of production is greater than 17 cents per bushel. Members will readily understand that the western farmer cannot very long continue to produce wheat under these conditions. From my observations last summer and last fall I believe the wheat produced in western Canada was produced at the lowest cost per bushel for many years, because of the fact that the farmers were not in a position to hire labour and consequently they had to do the work themselves with the help of their families. Therefore the actual cost last year was probably about as low as it can possibly be, unless the prices of the commodities which the farmer has to buy come down very materially. The prices of some of these commodities have come down fairly substantially, but as to the great bulk of the commodities he has to buy, whether for the purpose of producing more agricultural products or of taking care of his household needs, the prices have not dropped to anywhere near the same percentage as the prices of agricultural products. Under these circumstances the farmer is in the unhappy position of producing his products at a loss.

Under those circumstances we wish to inquire of the government what they propose to do about it. At the last general election the government asked the people of Canada to make them responsible for the conduct of the affairs of this country, and the people gave them that authority. Therefore the responsibility is upon the government. They may ask us what has been suggested from this corner of the house that might improve the condition of agriculture or general conditions throughout the country. I think any hon. gentleman who has attended this house regularly this session will know that we in this corner have suggested more than one important measure which might be of great benefit not only to agriculture but to all the Canadian people as well, but it is not my purpose this afternoon to take time to review the suggestions we have made.

A year ago the present government, recognizing the importance of wheat to Canada not only as an internal factor in economy but also as a factor in our export trade, were good enough to place a bonus of five cents a bushel on the production of wheat. That helped a great deal so far as the wheat producers were concerned. It gave them some hope and some assurance that at least the Canadian parliament was taking cognizance of the troubles with which they were faced. Financially it helped immeasurably; of that there is no question, though there were large sections of western Canada that did not receive any benefit from that provision because of drought conditions. When the Prime Minister introduced this bonus legislation last year he stated that other measures would be taken to provide for the areas where there were no crops. When I addressed this house at the beginning of this session I stated that I was well satisfied that the measures taken to look after the drought areas, so far as Alberta was concerned, were not adequate to meet the conditions prevailing. I do not blame anyone for that fact; I do not say any government is to blame for that situation, but nevertheless that condition still exists at the present time.

In introducing this bonus legislation last year the Prime Minister said there were four reasons why this bonus was necessary. The first reason was the low price of wheat. To-day the price of wheat is still below the cost of production. It is true that the price has risen a few cents a bushel in the past year, but notwithstanding that increase the price is not yet sufficient to pay the cost of production. Therefore, in relation to that first reason, the price is still too low. Another reason given by the Prime Minister at that time was that the price received did not bear the same relation to the cost of production that it had borne previously. That simply meant that the price received for wheat last year did not pay the cost of production, as it had previously, altogether apart from leaving the farmer any margin of profit. That condition still exists to-day; probably it has been alleviated to the extent of three or four cents a bushel, but that is about the only difference. The third reason given by the Prime Minister was that this bonus was a measure of necessary relief for the farmers of western Canada. I submit, sir, that under present conditions that necessity is just as apparent to-day as it was a year ago, and the argument put forth by the Prime Minister last year is just as potent to-day. I have ventured to bring this question to the attention of the government this afternoon in this way, and I hope they will be able to give the matter some consideration. As I have already said, our western farmers cannot continue to produce wheat at a loss; of that there is no question. Then, if I remember correctly, the fourth reason given by the Prime Minister last year was a psychological reason, and I think that was just as important as any of the other reasons given at that time. If the morale of the western farmer should be absolutely broken down I am afraid it would take more than a five cent bonus to restore it. However, those were the four reasons given by the Prime Minister at that time.

I am not going to take very much more of the time of the house on this question; I desire to make only one other statement, which I think is of importance. As one who has studied the economic problems with which we are faced to-day, I do not consider that bonuses will ever cure any economic ill. Of that there is no question. But bonuses sometimes become necessary because of the economic problems with which we are faced, merely as a temporary means of bridging a gap for the time being. I am under no illusion at all with regard to bonuses being factors in the final solution of these problems. It is not my purpose this afternoon to discuss what I think would be a proper solution of these difficulties; we have before us a problem which must be met in the near future, so I suggest to the government that they give very serious consideration to the possibility of renewing the five cent bonus on wheat which we had last year, as a temporary relief measure to assist the wheat producers in western Canada.

Mr. LAPOINTE: Has my hon. friend given any consideration to the advisability of extending that bonus to include the producers of butter, potatoes, eggs and other commodities, who are also producing at a loss?

Mr. GARDINER: I have given a great deal of consideration to that question, and the only reason I did not include those other commodities in my remarks this afternoon is that we have not the great surpluses of those commodities that we have of wheat. At the present those commodities to which my hon. friend referred do not bulk so largely in our export business as does wheat, which is our most important export commodity and which is a big factor in helping this country balance its internal and external business. It is not that I do not realize the importance of these other commodities to Canadian farmers, but wheat is the greatest export commodity we

have, and that is why I have devoted my attention to it rather than to the broader question of all agricultural products. I may say candidly that so far as I am concerned, if it could be arranged I see no reason why these other agricultural products should not be given the same consideration that is being asked for wheat. But I say that wheat, being the most important commodity which we produce agriculturally, the most important commodity which we export, is in a rather different position from our other agricultural products.

I am not going to take up the time of the house any longer, but I move, seconded by Mr. Campbell, an amendment to the motion in the following words:

That all the words after the word "that" be deleted and the following substituted therefor: "in the opinion of this house the government should seriously consider continuing the five cent bonus on wheat as a measure of relief for the crop year 1932-33."

Mr. M. N. CAMPBELL (Mackenzie): In seconding the motion moved by the hon. member for Acadia (Mr. Gardiner), I have no desire to take up the time of the house at considerable length. The case has been very well put by the hon. gentleman and it needs no amplification by me. I merely wish to put myself on record as supporting it.

The only reason, I presume, for the bonus last year, was the necessity of the grain grower of western Canada, and if that necessity was great then, I say it is even greater this year, because there is no question that the grain crop was produced at a considerable loss last year, resulting in accumulated taxes, interest and debts, so that even the farmer who had a crop is in a worse condition to-day than he was a year ago.

May I put on record a few figures which will indicate, better than, perhaps, I can, the position of the grain grower of western Canada. I wish to quote from the Economic Annalist, a publication issued by the Minister of Agriculture. It shows that the prices of field products are to-day only about twenty-five per cent of what they were in 1920. As shown by this bulletin, the index in 1920 of field crops, which would include grain, was 166·5, whereas in February, 1932, it had dropped to 43·7, just about 25 per cent of what it was at that time. The retail prices show an index of 124·2 in 1920, while in February, 1932, it was 84·6, or a drop of about 40 per cent. That will give some idea of what the grain grower has to contend with.

With respect to the question put by the former Minister of Justice, I quite appreciate the fact that farmers of all classes, farmers growing various farm products, are in a very unenviable position to-day; but I do submit that of all the various classes engaged in agriculture, the wheat grower has been hit harder than any, and I think these figures will again prove that contention. Coming back to the Economic Annalist, the figures show that for all farm products the index in 1920 was 161·6, and in February, 1932, 52·1; so that the drop in field products is very much greater than in all farm products taken together. I think the figures would show an even greater disparity if grain were considered separately from other field products. I contend, therefore, that the grain grower is in a different position from the others; he is in a more unenviable position than any other class of farmers in Canada to-day.

The farmers in my district, and for the most part in all the northern section of the prairie provinces, enjoyed a fairly good crop last year, but that did not solve their problems by any means. The average farmer in that part of the country sold his wheat at the elevator at a net price over the cost of threshing of from 22 to 28 cents per bushel. Now anyone knows that a price of from 22 to 28 cents per bushel will not pay the farmer for producing grain, so that it means that it was done at a very considerable loss, and the accumulated taxes, interest charges and so forth leave the farmer in a very much worse position to-day than he was in even a year ago.

Under the conditions that prevailed last year, the five cent bonus was nothing less than a godsend, and I say without fear of contradiction that it was appreciated by the great mass of the farmers who received it. The government, I believe, was somewhat discouraged by the expression of opinion that came from various parts of western Canada with respect to this bonus. I have expressed my opinion on that before in this house, and I may do so again. Agitations were started in different parts of the prairie provinces, asking for a different method of application, and in some cases there was a direct attack on the very principle of the bonus; but I do say that with respect to the great majority of the farmers there was no question whatsoever about their appreciation. I can assure the government that notwithstanding all that was said, the bonus was acceptable and welcome to the rank and file of the farmers of western Canada. Speaking for my own constituency of Mackenzie, I feel I can say that the satisfaction was universal, and this applies not only to the men on the soil growing the grain but to business men, professional men and all other classes in the community. I hope and trust, therefore, that the administration will see fit to continue that bonus for the coming year.

Mr. J. H. MYERS (Queens): I can assure you, Mr. Speaker, that it is the furthest thing from my thoughts or from my desire to prolong this debate or to prolong the session, which I consider should by now be pretty well over; but I feel I should be remiss in my duty to the farmers of eastern Canada, at least to the farmers of Prince Edward Island whom I have the honour to represent in this house, if I were to allow this amendment to pass unnoticed.

I have the greatest sympathy on earth for the wheat farmers of western Canada, and that remark, I believe, applies with equal force to those of us who are farmers and who represent the farmers not only in eastern but in central Canada as well. I think I am safe in saying that we have been wonderfully patient with and wonderfully kind to our western brothers in the difficulties which they have laid before this parliament during the last two sessions, in so forcible a manner. We certainly sympathize with them and we are willing at all times to extend to them the helping hand. But when it comes to singling out wheat growing or wheat growers in any one part of Canada more than another, I feel it my duty to draw the line at that. I wonder how the hon. member for Acadia (Mr. Gardiner) expects me to get along when I return to my constituency and after they read in Hansard and in the newspapers the stirring appeal that he has made to the house on behalf of his wheat growers in western Canada. What will they say to me? What will the man down there say who is selling the very best grade of potatoes that can be found anywhere at eight cents a bushel, while thousands and thousands of bushels of them will be carted out into the fields this spring, finding no market whatever? Let me draw to the attention of my hon. friend this fact: Wheat is a commodity that you can keep over for a number of months; potatoes automatically market themselves. Within the next two or three weeks they will be off the market; they will be rotting and will be carted out to the fields for manure. The hon. member for Mackenzie (Mr. Campbell) said that you must separate wheat from any other farm commodity; he thinks he has a right to do that. In doing that, you must separate the wheat grower from the grower of any other commodity and that I consider is most unfair and unjust.

Wth reference to the bonus system, my opinion is it is the most dangerous practice in which any government could ever engage. Wheat, they say, is very important to the wheat growers, largely so because they have a great quantity of it and it adds greatly to the wealth of the dominion. We admit all that; but the production of potatoes, or fruit, or hogs, or beef, or eggs, or butter, or cheese is just as important to those who are engaged in those industries as the growing of wheat is to the wheat farmers of western Canada. If you begin to extend this bonus system to wheat, why not extend it to every other commodity which the farmers are engaged in producing? But that is not the worst feature of the situation. We cannot stop there. While I am a farmer, I am quite free to admit that there are in the dominion other people engaged in other important occupations who have just as much right to consideration as have the farmers.

Miss MACPHAIL: They have all been well looked after. They have had their bonus.

An hon. MEMBER: Not in the hon. member's riding.

Mr. MYERS: The hon. member for Southeast Grey says they have all been looked after. Let me say that satement appears to me to be due to her lack of knowledge.

Miss MACPHAIL: The hon. member will learn as he remains here longer.

Mr. MYERS: Let me take my hon. friend —I am sure it would be a pleasure for me to do so—down to the shores of the maritime provinces where we have the best class of citizens to be found on earth, engaged in the very hardest occupation at which man can work, that of the fishing industry. What are we going to do for the fishermen who are selling the best codfish that can be found anywhere in the world for half a cent a pound landed on the stages? If that is prosperity; if that is fairplay for the fishermen of eastern Canada, I should like the hon. member for Southeast Grey to say so. What about the coal miners? Why not give them a bonus? Why not extend it to the whole population of Canada? What about the lumbermen? Wherever there is lumber, you will find men who have not been in the bush this winter. Why? Because the lumber they got out last year is still in their yards unsold. They cannot sell it at any price. If we are going to extend this bonus system to the wheat farmers of western Canada, why not extend it as well to the lumbermen all over Canada?

But if you want to help agriculture, this will never be done by a bonus; I think the hon. member for Acadia admits that himself. That is not the right way to tackle the problem. In my opinion the present Minister

of Agriculture (Mr. Weir) is attempting, as far as he is humanly able, to approach this problem from the right end. So far, my observation of the Department of Agriculture has been that 99 per cent of its effort has been directed along the line of teaching you and me how to grow more potatoes, more wheat to the acre, how to raise more hogs, how to make the hens lay more eggs, how to produce more beef and everything along that line.

Mr. YOUNG: A very good line too.

Mr. MYERS: That is not the most important line. Just show me how I can get some money out of anything I produce and I will look after the production. To my mind the efforts of the Department of Agriculture should at this time be directed rather along the line of securing wider and greater markets for the commodities of the farm. This our Minister of Agriculture has been attempting to do, and what he has done for the beef raiser of Canada during the last eighteen months has not passed without notice and has not been without great benefit to that industry. If we give him a little time, a little opportunity, his efforts along that line will be greatly extended to the benefit of agriculture.

I do not wish to prolong this debate, but I have in my hand some extracts from western newspapers. I find that the hon. member for Acadia, in connection with this very matter which he is at present advocating in the house, has within a very few months suffered a change of heart. I hold in my hand an extract from the Edmonton Bulletin of January 20, 1932, according to which I understand a meeting of the United Farmers of western Canada was held in that city. I want to read this and have it placed on Hansard so that my farmers in eastern Canada may know I am not remiss in my duties as their representative; that I am endeavouring on the one hand to look after their interests and on the other to keep the hon. member for Acadia in check. The extract reads:

With Robert Gardiner, M.P. for Acadia, and president of the United Farmers of Alberta taking a definite stand against the extension of a bonus to farm production, the annual U.F.A. convention meeting in the First Presbyterian church on Tuesday afternoon—

That will sound very peculiar to my Presbyterians in eastern Canada, remembering that at one time their great Master made a scourge of knotted cords and expelled from the temple everyone except those who were there for a certain purpose. My Presbyterian constituents will after a while begin to wonder that the hon. member has any wheat on which to ask for a bonus. The extract continues:

—threw the whole question of a bonus and production into the melting pot and discussed the question from almost every conceivable angle.

In the course of the discussion the delegates found themselves in some embarrassing situations. "To be or not to be" was the question. They were faced with the necessity of abrogating one of the accepted principles of the U.F.A. movement if they approved of the bonus, and yet they realized that in these troublous times, the bonus might be a way out.

In the first instance the convention found itself approving of a resolution favouring the bonus. Then on a motion to reopen the discussion on the resolution was rejected, following Mr. Gardiner's address.

The original resolution, No. 83 on the list, was submitted by the Grande Prairie, D.A., and read as follows:

"Whereas we appreciate the bonus on wheat by the Dominion government, being a step in the right direction, and

"Whereas there is no bonus for other agricultural products

"Therefore be it resolved that we demand that the Dominion government bonus agricultural production and that the amount of the bonus be in proportion to the benefits enjoyed by the manufacturers through the tariff."

That would be pretty hard to figure out, I imagine. I continue to quote:

After further discussion, centering round another resolution, a motion was moved to refer to this (previous resolution No. 83) for further consideration, and in speaking against adoption of the resolution in the reopened discussion Mr. Gardiner said:

"When we come to a matter such as this, tariffs and bonuses can never be equitable in any well-organized system. I recognize that these are unusual times and conditions are unusual and that the people are living under a heavy load, but in my final judgment a bonus such as this is small relief, let alone adequate relief. It is only too true that we have people benefiting from special privilege, but remember, special privilege is always at the expense of someone else. If the farmers get a special bonus, who would pay for it if not largely the farmers themselves. As the greatest producers of wealth they would have to bear the largest share of the resulting taxation. If we pass this resolution a greater burden will come back on our own shoulders and will stultify development."

Donald F. Kennedy, U.F.A. member of parliament for Peace River, was present and stated that it was not correct to say that we did not ask for a bonus or something like it." Continuing he said that several U.F.A. members asked for help for farmers during the exceptional happenings of 1931. The five cent bonus was the government's idea. He did, however, contend that financial assistance had been sought. If all bonuses were opposed then the same arguments must be advanced against the bonusing of coal and other products. In conclusion he said "I don't see why we shouldn't accept a bonus on wheat, even if we have to pay part of it ourselves in taxation."

Rice Sheppard agreed with another speaker that the farmers would do well to refuse the bonus and, if need be, tighten up their belts a little more and keep on smiling.

That is the chap I would like to have heard, Mr. Speaker. I should like now to quote from a Canadian Press despatch to the Manitoba Free Press. It says:

Alberta farmers want no bonus on farm products. They stick to the free trade principles and they are prepared to "draw their belts tighter" rather than ask the Dominion government for assistance comparable to what they believe the manufacturers receive from the tariff. So they decided at their annual convention Tuesday afternoon.

It was not a unanimous decision, however, for first of all the convention passed a resolution asking that the present bonus of five cents a bushel on wheat be extended to agricultural production generally and in proportion to the benefits enjoyed by manufacturers through the tariff.

There is a sudden about-face decision. On a word from one of their representatives in the federal parliament, E. J. Garland, member for Bow River, supported by the views of the leader of the United Farmer group and president of the association, Robert Gardiner, member for Acadia, they recalled the bonus resolution and threw it out by an overwhelming vote.

Another resolution along the same lines gave Mr. Garland a chance to get his word in. He merely opposed the resolution and said that he was sorry the former one had passed. The new resolution was defeated, and then a demand arose for reconsideration of the former one. At this point Mr. Macklin asked for the opinion of Robert Gardiner in that he would have the responsibility of advocating the policy adopted in the House of Commons.

And this is what our friend the member for Acadia (Mr. Gardiner) said:

"My view is that bonuses and tariffs can never be equitable," said Mr. Gardiner. "A bonus of this description would be no relief to agriculture." Those who produced the real wealth of the country were the ones who would have to pay, he said, and the farmers would have to pay for the bonus themselves.

The report continues:

The debate lasted two hours and at times was heated, but the change in sentiment was complete. When the final vote was taken the bonus resolution had few supporters and a demand arose for the elimination of the request for extension of the present wheat bonus to an acreage basis. The hour of adjournment prevented debate on this and it will likely arise again.

In conclusion, Mr. Speaker, let me say this, and just one word will do me. It is true that agriculture in Canada, as in every other country, is in very bad shape now. We are sorry for that, but as Mr. Rice Sheppard whom I have just quoted said, we have simply got to tighten our belts and look pleasant. That is the only way I see at the present time. But remember, we are having a very important meeting in Ottawa this coming summer, the Imperial economic conference. It is the duty of this government to look after the interests of the Canadian farmer, the primary producer, for I believe, and with good reason, that the Canadian farmer is still the backbone of prosperity in the Dominion of Canada, and always has been and always will be, and in times past he has stood for a great deal, and I do hope that whoever is charged with bringing before the Imperial economic conference the needs and wants of agriculture in this dominion will have that work well prepared beforehand and well mapped out, and with the economic union between the different parts of the British Empire which I hope will take place as a result of that conference, I trust that there are better days ahead of the Canadian farmer.

Miss AGNES MACPHAIL (Southeast Grey): I think that this request for a bonus on wheat on behalf of the wheat farmers shows us just how ridiculous has the whole position of bonusing become. We have in Canada neglected those industries which are the cornerstones of our national structure. The primary industries of agriculture, lumbering, fishing and mining have never been given the consideration of governments as have the secondary industries which are built upon the prosperity of the four primary industries that I have named. Now to-day we have the cornerstone of the whole national structure, agriculture, asking for a bonus on her products, a bonus which in the last analysis can only be paid by agriculture. I have since I came to this house thought that the petting and pampering and spoon-feeding that we have given secondary industries was as unsound as anything could be, and this request coming from this corner of the house but proves this. We have loaded upon the primary industries of agriculture and mining and fishing and lumbering a weight that they cannot bear, of taxes, of increased prices of the goods they buy, of blocking our exports by refusing imports. Instead of allowing our secondary industries to grow naturally, and they would have grown naturally, we have attempted the forced growth of secondary industries in this country, and every member of this house from the Prime Minister down to the most lowly knows that. Everyone knows that this country, a pioneer country that has to do with primary things, has ceased to take any care of the primary industries and devotes its whole time to granting special privileges

to secondary industries. So we have tariffs, excise duties, special privileges to financial groups and extremely high salaries paid to executives of all secondary industries until the load has become more than can be borne. Every drop of Scotch blood in my veins resents it. We have farmers now going to the government, which should be their creature, asking for a bonus of five cents a bushel on wheat and—and being nice and polite about it. I would rather do without the five cents.

An hon. MEMBER: It would depend on how badly you needed it.

Miss MACPHAIL: No, it would not depend on how badly I needed it. I will tell the government how they could give a bonus on wheat. Let them depreciate Canadian currency to the level of the pound sterling, or even lower, and let us have a bonus on all exports. Cut out high tariffs, or export duties, allow import of things we need instead of building artificial industries. Let imports come in freely and our exports will go out freely. Do we suppose we can continue shutting out imports from all over the world, and then that we can sell these great quantities of exports of ours? We now admit we cannot do it, so we are going to pay for them ourselves. We are going to let the other fellow eat them, however, to get them out of the road.

So I say, and I say earnestly—knowing however that it will be no use and I might as well not say it—that the business of finance in Canada is at the root of our trouble. We will not solve our problem by a five cent bonus on wheat. I said earlier in the session that I wondered how a man who produced beef was going to pay a bonus on wool, or a bonus on this or that. I notice however that the sheep grower will not receive a bonus on his wool. In the New Zealand treaty there was no tariff for him.

Let us consider the community that does not grow wheat for export, that does not grow only one commodity but grows all farm commodities. By a five cent bonus we would simply be loading five cents more on the shoulders of the mixed communities—that is all. Five cents a bushel on wheat—nonsense. I will admit western Canada has taken too much guff from the east. I know and almost everybody else will admit that the government of this country have served secondary industries, and that practically means the eastern financial and industrial groups. The wheat farmer has suffered by it. That is true. The wheat farmer of western Canada has depended on wheat. He sold his product on the world's markets. He is an exporter, so all that tariffs can do for him is to increase the cost of everything he uses. Now the farmers come asking for five cents a bushel on wheat. Instead they ought to rise in their wrath and form a government which would begin to look after the primary industries of Canada. Until we do that we will just go on with this business of passing the buck,—five cents a bushel on wheat,—from one to the other until the fellow on the ground floor pays the whole thing.

Mr. MICHAEL LUCHKOVICH (Vegreville): Mr. Speaker, I rise to reply to some of the remarks made by an hon. member opposite (Mr. Myers). He said he was unalterably opposed to the principle of bonus, and although not in exactly the same words the hon. member for Southeast Grey (Miss Macphail) has said she is opposed to the bonus because in her view it would not solve the present agricultural problem.

I rise particularly however to discuss a situation which has arisen in the west because of many farmers having been hailed out. In and contiguous to my constituency there are two strips of land ten miles wide and one hundred miles long. One is in the south and the other is in the north. Those people have been hailed out. Last year this government passed a bill respecting wheat, and providing a bonus of five cents per bushel to all farmers producing this commodity. I think hon. members opposite will agree wth me that this legislation was not applied equitably and justly to the farmers in the west. Some of those farmers had good crops yielding about forty bushels to the acre, for which they received five cents per bushel. Whether it was exported or sold in Canada they received the bonus. On the other hand however the man who was hailed out did not get a nickle, and I speak to-day on behalf of those men because I do not think they received a square deal. I do not care what all the lawyers in this house may say with respect to the bonus. Some may say it is nothing but a bonus to industry. I say however that the legislation passed last year was passed or purported to be passed in order to relieve the farmers. The fact is that it did relieve those farmers who had plenty of grain, but it certainly did not help the men who through no fault of their own, but through what the lawyers would term an act of God, had not a single bushel of grain. For the life of me I cannot see why a man who was hailed out should not receive the benefit of this five cent payment. Last February I asked a question of an hon. member opposite—I think it was the hon.

member for Regina (Mr. Turnbull)—as to what he thought about the five cent legislation. His reply was that it was not a relief measure, but was a five cent bonus given to an industry. I certainly believe it is a relief measure, and it could not have been anything else. It was passed last year because the wheat grower was in dire straits. The legislation was for his relief, and at least to that extent was a measure of relief. My reasoning is that if it was passed as a relief measure I can see no reason why the hailed out farmers should not receive help just the same as those who were more fortunate. I believe there has been a great injustice and the act has not been applied justly and equitably. Certainly something could be done for hailed-out farmers. For the information of hon. members I should like to read a resolution passed with respect to the hailed out areas in my district.

Whereas, all the hailed-out farmers are in the poorest financial position of any other Canadian farmer; and

Whereas, we will ultimately have to pay to the dominion treasury our share of the bonus now paid per bushel of wheat; and

Whereas, the bonus does not relieve the farmer who was hailed out and went to nearly as much expense in growing a crop; and

Whereas, this bonus had incurred and added burden on such farmers in that they have to pay five cents extra for all feed and seed; and

Whereas, the purchasing power of said farmers has been reduced to worse than nothing by reason of said disaster; therefore be it

Resolved, that the federal government make arrangements to pay a bonus of one dollar per acre on the hailed-out acreage of wheat and that such acreage be determined from the 1931 census returns.

No doubt there are some hon. members who on principle are opposed to the bonus. I do not however see how they can argue against my statement with respect to hailed out farmers. Certainly I see no reason why, after the bill was passed and became law, it should not have been equitably and justly applied to all farmers concerned whether they had a crop or were hailed out.

Mr. B. F. SMITH (Victoria-Carleton): Mr. Speaker, I should like to offer one or two suggestions concerning the amendment before the house. I do not think hon. members can accuse me of having taken very much time in the discussions of this session, so far as bringing up matters pertaining to my own constituency is concerned. I do desire to inform the house however that the constituency I have the honour to represent for a distance of one hundred and twenty-five miles runs along the international boundary line. We are in close proximity to Aroostook county in the state of Maine. For many years that county has grown potatoes almost exclusively, and it is in close proximity to the markets of Boston, New York, Providence and other places. Those cities offer a very ready market for their products, and the result was that because of prices obtained the farmers had grown comparatively rich. The farmers in my constituency are following the example of their American neighbours, with the result that last year they grew practically nothing but potatoes. The farmer in my constituency during the present season has not received on an average more than enough to pay him for picking the potatoes up off the ground. The hon. member for Acadia (Mr. Gardiner) said that the wheat producer of western Canada had been hit harder than the producer of any other agricultural product in this country. The hon. gentleman was totally incorrect because the wheat producer of western Canada is receiving at least more than half the cost of his production, while the potato grower of my constituency is not receiving one-tenth of the cost of production.

Once before during this session I have drawn attention to the fact that the Hawley-Smoot tariff which was enacted a few years ago had made it absolutely impossible for the farmers of the maritime provinces to find a market in the United States for their products. A year ago the Cuban market was closed to us by a high tariff wall. As I have already said, Mr. Speaker, the loyalty of no part of Canada has been tested more severely than has the loyalty of the farmers of the maritime provinces. Yet we have not complained so bitterly. While I have been a member of this house I have heard wailings come from every section of Canada as to conditions that pertain there. It is all very well to bring these conditions to the attention of the house, and let me repeat, we sympathize most deeply with the farmers not only of western Canada, but of central Canada and all other parts of the dominion, because we in the maritime provinces realize that it is absolutely impossible for one portion of this country to flourish without every other portion feeling the effects directly or indirectly. When our boys went overseas in 1914 it made no difference whether they came from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario or Quebec, or down from the maritime provinces, they went into the trenches together and their blood mingled freely. Let me say that we in this house ought to try and emulate their example of sacrifice and patriotism, we too should stand together for all portions of Canada, realizing that one portion of the body politic cannot be separated from the others.

I am absolutely opposed to the principle of a bonus on wheat or anything else. I do not believe that this parliament ought to bonus any commodity. In my opinion the member for Acadia killed his own argument when he gave the present surplus of wheat in western Canada as a reason why we should still further bonus its production. In my judgment the bonusing of any article is bound to stimulate greater production, and if we have already a great surplus of wheat for which we cannot find a market, then I do contend it is only right that we should not further bonus it, but that every effort should be directed towards opening up new markets and extending our present markets so that the farmers of this country may be able to sell their products. We in the maritime provinces have no market to-day for our farm products. As I pointed out a moment ago, the United States market has been closed to us, as well as the Cuban market. Last year when we had a great surplus production of potatoes we found even a British embargo against us, which absolutely excluded that product from Great Britain. I hope that during the coming Imperial economic conference the government will spare no effort to place very strongly before the representatives of Great Britain the necessity of lifting that embargo and allowing our potatoes to enter the British market in competition with those from foreign countries. It is only fair that this should be one of the questions on the agenda, and it is a matter that should be taken up before the opening of the economic conference, so that at least some ray of sunshine may be given to the maritime provinces, in the hope that we may secure some opening for the products which our farmers have been taught to raise, and have marketed so successfully in years past, but which because of tariff barriers can no longer be exported. I desire to impress this as solemnly as possible upon the members of the government. As was suggested by the junior member for Queens (Mr. Myers) if anything can be done by the present Minister of Agriculture to open up wider markets it should be done, and I am sure not a single member on either side of the house will say a word against such a policy. We know that agriculture being the basic industry of this country it ought to be stimulated, and the only way in which it can be stimulated is to open up markets which will be attractive, and enable our farmers to sell their products where they will get satisfactory returns.

Mr. T. F. DONNELLY (Willow Bunch): I do not intend, Mr. Speaker, at this late hour of the session to trespass at any great length on the time of the house. I rise, however, to add a word or two to this discussion on wheat, which is all-important to the people in my constituency and throughout western Canada. We all admit that agriculture is one of the most important basic industries in the dominion to-day. The prosperity of Canada depends on the agriculturist; if he is prosperous all others are prosperous, and when he is having hard times all others are having hard times.

At the present time our agriculturists from one end of Canada to the other are suffering severely. Farm commodity prices are down low; there is no doubt about that. What we need more than anything else is a price for our commodities. During the last election we were promised that if the Conservative party came into power we were going to get better prices, they were going to "blast" a market for our products, and we were even told that wheat would fetch $1.50 a bushel within a week of the Conservatives getting into power. Well, instead of wheat going up to $1.50 a bushel it has been going down ever since. They told us the same thing about butter, and eggs, and beef; in fact all the commodities our farmers produced were going to go up in price. But what has happened? They have gone down, down in price until now they are below the cost of production.

Last session we asked the Prime Minister and the Minister of Agriculture to tell us the policy of the government with respect to agriculture, but we received no reply. Last session in the agriculture committee we discussed farm problems of one kind and another, and the committee brought in a report, but they never asked for concurrence in it. It was simply all eye-wash, all window-dressing; there was nothing substantial in it, nothing of any benefit to the farmer at all.

Until our farmers get a price for their commodities this country will never get back to prosperity. The only way we can get a price for our commodities is by being able to sell them abroad. We cannot sell them abroad if we do not buy. If we do not buy we cannot sell. That is a motto that should be hung up in every household. The Minister of Trade and Commerce the other day said that the principle is all right in theory but hard to practise. I know it is hard to practise for this government. They said they were going to sell to everybody and buy from nobody. They are still doing it and shutting up all our

markets; in fact we are going from bad to worse. But if you look at it you will find that our balance of trade keeps about the same; we sell only about as much as we buy. Instead of obtaining a favourable balance of trade by increasing the commodities we sell, we have secured a favourable balance by cutting off everything we buy and selling just what we can. Conditions are going from bad to worse, and they will not get better until we are able to sell our products in the markets of the world.

This question came up last year, when the Prime Minister said he recognized the serious condition of the wheat growers in western Canada. He stated that this measure was brought in as a compensating adjustment for the western farmers, to make up for the duties they had to pay; that was why this bonus of five cents a bushel was given on wheat. This year we have higher duties than ever before, but we are not to be given a bonus or any other help. We bonus the manufacturer by giving him high protection. I do not believe in a bonus of any kind; I do not believe that any industry, any manufacturing concern or any farmer should be bonused; I do not believe in the principle, but if it is the practice of the Conservative party to bonus manufacturers why should not the farmers be bonused in the same way? If you are going to do it in one case surely it is right to do it in the other. As the Prime Minister said, we need this compensating adjustment in western Canada because of the duties we have to pay. Let me repeat, however, that what we need is a market for our products, and in order to obtain that market we should be going to other countries and making trade treaties with them. We should have trade treaties with Germany, France, Italy and other countries in order to sell our products, and unless this is done in my opinion we will not come back to prosperity for some time.

In that regard I would say to the Prime Minister and those who will represent us at the Imperial conference that we must be careful, in seeking to obtain agreements for the purchase of a certain amount of our wheat each year, that we do not antagonize the rest of the world. We must remember that we produce some three hundred or four hundred million bushels of wheat for market each year, and we can only sell about one hundred million bushels within the British Empire. The rest of the wheat must be sold in the markets of the world, and if we antagonize other countries by making trade agreements with England and the other parts of the empire our western farmers will be worse off than they are to-day. So, as I say, we must be careful in making these trade agreements at the Imperial conference not to do anything that may antagonize the rest of the world and so harm our wheat growers.

I should like to say a word or two with regard to the working out of this bonus last year. I come from a section of the country that was dried out and had no wheat for sale, and consequently we received no bonus. We found that this arrangement was most unfair and inequitable. We were glad to see those people in the north get the five cent bonus and we were only sorry they did not get more; we did not envy them, but we were sorry we did not get something as well. It was most unfair and unjust as it worked out. We had to pay more for our flour and our seed because of the bonus which was given the wheat growers in northern Saskatchewan, and even those people in the north who did receive the bonus were not able to make wheat growing pay. They had crops of twenty-five and fifty bushels to the acre, but in spite of that it was necessary for the relief commission and the government to spend from $300,000 to $400,000 for relief work in that part of the country. What must be the condition in the southern part of the province, where we did not have a crop and did not receive any bonus? We say that if a bonus is to be given wheat growers it should be on an equitable basis whereby all who sow wheat would receive the bonus according to their acreage. If there is to be a bonus at all, whether a man sows wheat, barley or oats he should receive that bonus regardless of the result. If he is hailed out he should be entitled to the bonus; if he is dried out, eaten out by cutworms, hailed out or frozen out, he should get the same consideration. If there is to be a bonus let it apply equitably. As I said before, I do not believe in a bonus, but we have a government which believes in bonusing manufacturers; let it also bonus the farmers, who need help just as much as anyone needs it, and let that help be given on an acreage basis.

I do not intend to take up more of the time of the house, Mr. Speaker. I desire to move, seconded by the hon. member for Assiniboia (Mr. McKenzie) that the amendment be amended by inserting the words "or a bonus based on the seeded acreage" after the word "wheat" and before the word "as" in the said amendment.

Amendment to the amendment lost on division.

Amendment lost on division.

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

IMPERIAL ECONOMIC CONFERENCE

To provide for expenses in connection with the Imperial Economic Conference, $250,000.

Mr. BENNETT: May I say, Mr. Chairman, that this item is intended to assist in defraying the expenses incident to the holding of the economic conference in this city this summer. It has been the custom of the British government to defray the expenses, in their entirety, of all the delegates to previous conferences. I believe that the right hon. leader of the opposition, as well as myself, took the view that it would be better if each country paid its own expenses, but the British government was of the opinion that it should extend the hospitality, and it has done so. They, and as well those who come from other parts of the empire, are now to be our guests, and this item, which I believe will have to be supplemented by an additional provision in the supplementary estimates, is intended to meet these expenditures.

Mr. MACKENZIE KING: I should like to corroborate what the Prime Minister has said in regard to the attitude which the British government has taken towards the expenses of delegates to previous Imperial conferences. At the last conference attended by ministers of the previous administration, which was in 1926, as the Prime Minister has said, the delegates from Canada did suggest to the British government that we should be allowed to pay our own expenses, and I believe that this would be the best method to follow with respect to all conferences in the future. The government of Great Britain, however, urged at the time that they had made arrangements for entertaining the delegates, and asked that they should be permitted to extend that hospitality. It is proper in every way that a like courtesy should be extended by Canada to the delegates who may be visiting our country at this time, and the government will, I have no doubt, meet with approval of its action in so arranging. But I would still suggest that the matter might be brought up again as regards future conferences; I think it would be better in every way that delegates from the different countries of the empire at these gatherings should enjoy the greater independence which comes with meeting their own expenses. That would be preferable if it can be arranged for the future.

May I ask the Prime Minister whether he has any statement either of a general or of a particular nature which he would care to make to the House of Commons and through the house to the country, with respect to the approaching Imperial economic conference, before we have any discussion on any phase of the conference.

Mr. BENNETT: I do not know that I can usefully add much to what I have already said during the present session. This is the first Imperial conference that will have been held in this dominion, or in any dominion. A conference was held in Ottawa in 1894 which was largely engaged with the consideration of the Pacific cable, and while it was intended to discuss trade relations, the attitude taken by the United Kingdom with respect to preferential trade agreements prevented anything being accomplished. This, however, is to be a conference dealing wholly with economic matters; it does not deal with either political or constitutional issues, and it is meeting at a time of unparalleled world conditions.

I need not dwell upon the seriousness of the situation from any angle from which it may be considered. It is believed that a quarter of the world's population inhabiting one-fourth of its area, meeting through its representatives in the capital city of Ottawa, may be able to devise policies and plans that will be advantageous to every part of that population; and if they are advantageous to that population they will be of very, very great assistance to the world in its effort for economic recovery.

The two or three large questions that might be considered at the conference would be, of course, trade, communications and currencies, as has been already said. With respect to the question of currency, that has been discussed in this house very fully on more than one occasion during the present session. With respect to trade, so many observations have been made and so much advice has been given by hon. gentlemen opposite that there should be no difficulty in the government framing, in the light of that advice, a policy that would be entirely acceptable to nobody but hon. gentlemen themselves.

Mr. LAPOINTE: What is the policy of the government?

Mr. BENNETT: The policy of the government is to conduct its business in the best manner that is possible—

Mr. LAPOINTE: Everybody does that.

Mr. BENNETT: —in the discharge of the duties that will devolve upon it in connection

with the conference; and if my hon. friend will take the trouble to read Hansard of days gone by—

Mr. LAPOINTE: I did.

Mr. BENNETT: —he will find that governments cannot declare what, for instance, an agenda is to be until after all the countries' representatives have been consulted. And they have not all declared what their intentions or purposes in that regard may be. I have, however, indicated broadly what matters will be considered, and if my right hon. friend thinks that I propose to depart from the well-established pratice in that regard and indicate something that will enable him to make brilliant addresses such as, for instance, he made in this capital city of Ottawa a few nights ago, he is entirely mistaken. I have no intention to do any such thing. But I will say this, that up to the moment we have been given an intimation of those who will attend from some of the dominions. I took the trouble to have the names written down so that I might be able to present them to the house if the house were interested at the moment. We have not been given the names of the delegates from either New Zealand or the Irish Free State. We have, however, the names of those who will attend from Great Britain, Australia, South Africa, India and Rhodesia. The delegates from the United Kingdom are:

The Right Hon. Stanley Baldwin, M.P., Lord President of the Council.
The Right Hon. J. H. Thomas, M.P., Secretary of State for Dominion Affairs.
The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. Lord Hailsham, K.C., Secretary of State for War.
The Right Hon. Walter Runciman, M.P., President of the Board of Trade.
The Right Hon. Sir Philip Cunliffe-Lister, K.B.E., M.P., Secretary of State for the Colonies.

The attendance of some of the members of the United Kingdom delegation is contingent on developments from the Lausanne conference and other international engagements. From Australia the delegates are:

The Right Hon. Stanley Bruce, Assistant Treasurer.
The Hon. H. S. Gullett, Minister of Trade and Customs.

The delegates who will attend from South Africa are:

The Hon. N. C. Havenga, Minister of Finance.
The Hon. P. G. W. Grobler, Minister of Lands.
The Hon. A. P. J. Fourie, Minister of Mines and Industries.

The government of India have designated the following delegates:

Sir Atul Chandra Chatterjee, K.C.S.I., K.C.I.E.
R. K. Shanmukham Chetty.
Sir Padamji Pestonji Ginwala, Kt.
Sir George Rainy, K.C.S.I., K.C.I.E.
Haji Abdullah Haroon Sahibzada.
Abdus Samad Khan, C.I.E.

From Southern Rhodesia, which has the status of a self-governing community, the delegates taking part in the discussions will be:

The Hon. H. E. Moffat, C.M.G., M.L.A., Premier.
The Hon. P. D. L Fynn, C.M.G., M.L.A., Treasurer.
The Hon. J. W. Downey (Adviser), and four others.

The four others comprise advisers and staff. As I say, we have not been informed definitely as to who will attend from other communities.

Mr. MACKENZIE KING: They have all accepted.

Mr. BENNETT: I said some time ago that they had all accepted, and I communicated the last acceptance in the telegram which I read to the house from the government of the Irish Free State.

Mr. LAPOINTE: Have the Canadian delegates been appointed?

Mr. BENNETT: The Canadian delegates will be selected as from time to time may become advisable or necessary, as is the practice in England.

Mr. LAPOINTE: In England they appoint some of the leading ministers and then call others to help if necessary.

Mr. BENNETT: It depends upon what business is under consideration. At the Imperial conferences where only Prime Ministers have been accustomed to attend, and which have not been economic conferences, a committee is presided over by the Prime Minister and other committees are presided over sometimes not by ministers at all; but various ministers are in attendance when particular business is being transacted and discussed. For instance, the President of the Board of Trade, the Chancellor of the Exchequer, the Secretary of State for Foreign Affairs, the Secretary of the Admiralty, the Minister for War, all have attended from time to time, depending upon the subject matter under consideration. This however being, as I have said, a conference at which neither political nor constitutional matters will be considered

or discussed, the government will expect that the first minister will be in attendance, and as occasion necessitates his colleagues will be changed from time to time, depending upon the matters that are being considered. This, we believe, is the correct practice in that regard.

The question of organization, as I have said, is in the hands of those who are designated by the government for that purpose. Broadly and finally, in addition to the matters that have to be considered, the government will have committees dealing with questions of administration and hospitality as distinguished from those which are responsible for the preparation of material in connection with purely economic problems. I indicated some time ago that these matters were, under the direction of the government, being considered as carefully as it is possible for men to study every phase of the situation that must arise as the discussions proceed.

I have no intention of giving any indication as to what the government will do when the time comes or how it will conduct its business. I shall be grateful for any suggestions that may be made by those who feel they are in a position to offer them and I am deeply sensible of and grateful for the assistance that has been rendered by one hon. member who is not in his seat to-day. I refer to the hon. member for Vancouver Centre (Mr. Mackenzie) who made a speech two days ago in Hamilton. If that was indicative of the desire of the Liberal party to assist in this important matter, I am grateful that such assistance has been forthcoming in the manner in which it has. The advice that has been so tenderly and solicitously offered by that hon. gentleman and others in a similar way, some of them not quite in the same class as regards mental equipment, will be gratefully received; it will be studiously and carefully sifted and if there is in it the genesis of an idea that will be helpful to the country, it will of course be adopted. That is all I think I can usefully say with respect to the matter, for I have no intention of indulging in any general discussion of it at this time.

Mr. LAPOINTE: Without entering into a general discussion, I would ask my right hon. friend if he would go so far as to tell us whether he has in any way modified his views as expressed at the conference of 1930, or whether his proposals to the other nations of the commonwealth are still along the lines suggested—I am using a moderate word—or intimated to them at that conference.

Mr. BENNETT: I made many observations at that conference. The hon. gentleman's remarks are very general. If he will particularize I shall endeavour to oblige him for the general benefit of the committee.

Mr. LAPOINTE: If my right hon. friend asks me to particularize, I shall do so in a limited way. At that conference he used the following words, and this is the specific proposal:

> I offer to the mother country, and to all the other parts of empire, a preference in the Canadian market in exchange for a like preference in theirs, based upon the addition of a ten per centum increase in prevailing general tariffs, or upon tariffs yet to be created.

I should like to know whether this is still the view of my right hon. friend as to the proposal to be made to the other parts of the commonwealth.

Mr. BENNETT: I assume the hon. gentleman did me the credit of reading the whole of the observations—

Mr. LAPOINTE: I did.

Mr. BENNETT: —and if he did he will have observed that I said that by way of illustration and for the purpose of enabling a discussion to take place. He will find that clearly stated; the present Viscount Snowden asked a further question with respect to that and made it abundantly apparent in observations which he subsequently made.

Mr. LAPOINTE: So that ten per cent is not a hard and fixed percentage?

Mr. BENNETT: No; it is not intended to be such. It was a basis for discussion.

Mr. MACKENZIE KING: Just in order that the chronology of these historic events may be accurately recorded, my right hon. friend in opening his remarks this afternoon said that this was the first Imperial conference that had been held in Canada. I assume he meant the first Imperial economic conference.

Mr. BENNETT: I mentioned this afternoon that there was a colonial conference.

Mr. MACKENZIE KING: My right hon. friend knows the first conference held in Canada was held many years ago.

Mr. BENNETT: There was a colonial conference held in 1894; it was not imperial at all.

Mr. MACKENZIE KING: Colonial conferences came later to be known, as Imperial conferences. This is the first imperial economic conference to be held in this Dominion. In speaking some days ago on the

budget, my right hon. friend conveyed the impression that this conference had no connection with that of 1930; that it was not the postponed conference agreed to at the time. By his words as reported in Hansard, I think he rather left the impression that this conference was something which was due wholly to himself, and one that had been arranged for the first time as a result, in part, of the recent elections in Great Britain. In case I may be doing my right hon. friend an injustice in misstating his position, I should like to read exactly what he said. The words will be found in Hansard, page 2406 of April 26 of this year. My right hon. friend, referring to the Imperial economic conference to be held here this year made this statement:

It is said by him—

That was of myself.

—to be regarded as the adjournment of the former conference. I believe it is not so regarded; at least I am so informed. It may be that the conference of 1930 was a failure. The right hon. gentleman said it has been described by someone as a tragedy.

The point I wish to bring out at the present moment is that the statement I have just read would certainly lead us to believe that this conference was not the postponed conference of 1930.

Mr. BENNETT: Neither it is.

Mr. MACKENZIE KING: My right hon. friend says "neither it is." I confess I am at a loss to understand his view, and I do not know what members of delegations from other parts of the empire will feel when they see that statement, because my right hon. friend was very emphatic at the Imperial conference of 1930 in stating that he would like the economic conference to be postponed, to meet in Ottawa later on.

Mr. BENNETT: That is true.

Mr. MACKENZIE KING: Again may I read his exact words. In his opening address which appears under the heading "Statement by the Prime Minister of Canada," the Prime Minister put forward proposals which, as he has since told us, he thought would be rejected. He said he put them forward deliberately expecting that they would be rejected. That will come rather as a surprise to members of that conference. My right hon. friend went on to suggest the basis upon which a conference might be held, and he concluded with these words: I am reading from the report of the Imperial Conference of 1930, English edition, page 34:

[Mr. Mackenzie King.]

Consistent with the fullest inquiry into the application of the principle of an empire preference, our deliberations must be governed by the time factor. If this change in our economic relationship is to be made, it must be made without undue delay. I would therefore, propose that this conference, if it approve the principle should constitute such committee as may, with the greatest expedition and thoroughness, consider the various questions incident to its operation. As we have here neither the time, nor the machinery necessary, to reach a final conclusion upon all of them, it is apparent that we must employ the technicians of our respective countries to complete the inquiry. And for that purpose I would suggest that committees be set up in each of the countries concerned; and that these committees commence immediately an exhaustive examination of the effect upon their domestic situation of the proposals I have made.

Then, under the subheading "Suggested conference at Ottawa," the report continues:

I am satisfied that whatever modifications in the general plan Canada may have to suggest will be ready for submission within a period of six months. I assume that you are all capable of a like measure of expedition, and so I further propose that, when this economic conference has had an opportunity profitably to discuss the plan in its various aspects, it do adjourn to meet at Ottawa early next year, as the guests of the Canadian people, and that in the interval, through the instrumentalities I have suggested, full and final reports be prepared for submission to it.

In his concluding speech on November 14, as reported at page 225 my right hon. friend spoke as follows:

I would therefore move the adjournment of the economic section of this conference to Ottawa to meet upon a date within the next twelve months to be agreed upon, and I wish, on behalf of the Canadian people, to assure you of their most hearty welcome.

And concluding he said:

I therefore move, Mr. Chairman, that the economic section of the conference adjourn to Ottawa to meet within the next twelve months at a date to be mutually agreed upon.

I have always understood, and I am sure that all the delegates who were present at the Imperial conference understood, that that was the resolution that was adopted and the plan that was intended.

May I recall to my right hon. friend's mind the fact that we were told last year that unfortunately the postponed conference which was then to have met, had to be again postponed because of the inability of certain other parts of the empire to be represented, but it was always the postponed conference to which reference was made, and certainly until my right hon. friend made the statement two days ago, to which I have just drawn attention, everyone, in all parts of the empire, had the impression that the conference

now about to be held was the postponed economic conference of 1930. I am a little at a loss to understand why my right hon. friend should not so regard it unless it is that another remark which he made in the course of his address helps to throw light upon it.

My right hon. friend told us that he himself had been the first to suggest an economic conference, that he had done so in 1928, that it had been the ambition of his life to see that such a conference was held if he ever came into power. I do not want to take away from my right hon. friend any honour to which he may be entitled, but I would remind him that there was an Imperial economic conference held in Great Britain in 1923 as well as an Imperial conference, and that the Imperial economic conference was attended by representatives of the government of Canada as well of the other dominions. The late Sir Lomer Gouin and the Right Hon. George P. Graham were two of Canada's representatives at the Imperial economic conference held in 1923. That was I believe the first Imperial economic conference. It is true that in speaking on the address in 1929 my right hon. friend did say that he thought we should have an economic conference in Canada, but in the course of his remarks what he stressed was not what he has been mentioning to us this afternoon as all-important for the purposes of the conference, the questions of currency and trade. He spoke then more particularly of development and settlement. That was the object of the conference my right hon. friend had in his mind. I have his remarks in that connection here. Speaking on February 11, 1929, the present Prime Minister, then leader of the opposition, said as reported at page 28 of Hansard of that date:

> There are two great problems that confront the people of the British Empire; they are the largest problems that have ever been offered for the solution of men and women in any age.

Then he goes on to speak of the size of the British Empire, and so forth, and after having noted its resources and their extent he continued:

> So I suggest to the government that since England can no longer take the lead with respect to this matter, this country should call a great economic conference to meet in Ottawa. Let the Dominion of Canada take the lead; let us call an economic conference of the British Empire to meet in this city to consider, after being properly informed, the two great problems of settlement and development.

That was the conference my right hon. friend had in mind, that was the ambition of his life at that time, and yet to-day he does not mention at all the words "settlement and development" in stating to the house the subjects that are to be those of first consideration at this conference. So clearly this conference cannot have any relation to the conference that my right hon. friend had in mind in 1929 if we are to judge by the remarks that he then made. My right hon. friend went on to say:

> I can only say that if we who sit to the left of the Speaker were entrusted with the responsibilities of power to-morrow one of our first actions would be to ask that representatives of this great empire meet in this capital city of Ottawa in a great economic conference to grapple and deal with the problems of settlement and development, for one-fourth of the world's people are not trustees for nothing. Where England may not take the lead, as she may not at the moment in a matter of this kind for reasons which are obvious, we may point the way, remembering that the first of the colonial conferences, which ultimately became imperial conferences, sat in this city.
>
> A great economic conference brought together through the initiative of the Canadian government would be able to work out a solution of these problems which would not be temporary in its character, which would not be subject to adverse and hostile legislation, but which would represent the agreed views of one-fourth of the world's people, occupying one-fourth of the world's area. That in itself would do much to secure for all time that outlawry of war, that perpetual peace, for which all democracies are striving.

That was the kind of conference my right hon. friend had in mind in 1929, and I think we still have vivid recollections of the elaborate scheme of settlement which was proposed by the present Senator McRae, at that time a member of this house, and which seemed at the time to bear a very close relationship to what my right hon. friend had in view when he was speaking of an economic conference.

Mr. LAPOINTE: It synchronized.

Mr. MACKENZIE KING: Yes, as my colleague suggests, it seemed to synchronize with the statement of my right hon. friend's views. I hope that the Prime Minister will tell us whether this important question of settlement, which means, of course, migration from different parts of the empire to other parts, is to be one of the main subjects of consideration at the coming conference, and what the policy of the government of Canada will be with respect thereto; also, perhaps my right hon. friend will tell us what is meant by development in connection with the policy that he suggested in 1929. I might add that the Liberal administration of the day did extend in 1929, invitations to Great Britain and other self-governing parts of the empire for an economic conference to be held in

Canada, if possible, during 1930. My right hon. friend said that we took the idea from him. Frankly I do not wish to say that we were not as indebted to him as he might be to us for an exchange of views now and then, but the kind of economic conference that we had in view was one which related to trade more particularly than to anything else, and it had not as one of its specific subjects for consideration the question of settlement, which was one of the two main questions in my right hon. friend's mind at the time he spoke in 1929. I might say to my right hon. friend that if he will speak with those who were at the Imperial conference in Great Britain in 1926, he will discover that the point of view which, as representing Canada, I myself, put forward with respect to conferences was that Imperial conferences dealing with political questions might be held from time to time in London, although I doubted the wisdom of too great frequency of conferences of that kind, and that subsidiary conferences dealing with economic questions might with advantage be held from time to time in different parts of the empire. For instance, that there might be a conference on communications within the empire, held, say, in Australia one year; that a conference with respect to some other economic phase might meet in another part of the empire; that a conference, for example, for increasing the facilities and opportunities for trade within the empire might be made the subject of a separate conference, and that was the conference we suggested in 1929 should be held in Ottawa, trade being considered by us the most important question. The elections came on in the summer of 1930. I think the economic conference was postponed, or rather fixed for London, in view of the decision of the British government after conference with other parts of the empire to hold an economic conference, as well as an Imperial political conference—if I may so describe it—simultaneously in London some time during the year 1930. Speaking on the budget in May, 1930, my right hon. friend made further reference to the conference to which he had previously referred. At page 1827, after quoting his remarks of the previous year, Hansard contains the following statement:

> I then concluded with the suggestion that representatives of this great empire should meet in Ottawa and deal with the problems of settlement and development, because one-fourth of the world's people are not trustees for nothing. I repeat that it is desirable and necessary that there should be a conference of representatives from every part of this empire,

and that conference cannot be held successfully in Great Britain. That is the position which I would expect to be taken by a government having the interests of the empire at heart. But this government is following its old policy; there never has been a time when the Liberal party was not prepared to gamble with Canada and with the British Empire.

I think that makes quite clear my contention as to the nature of the conference my right hon. friend had in mind. There is a paragraph preceding the one I have read which might be read to reinforce my statement:

> Well, I have in my hand a return brought down the other day, and I observe that the Prime Minister of our country—
>
> Referring to me—
>
> —sent an invitation for an economic conference in Canada sometime after I had on the speech from the throne suggested that there were two great problems with which the British Empire was concerned, the one fiscal and the other the migration of peoples, and that the only method by which these matters could be satisfactorily dealt with was by having a great economic conference here in Ottawa.

It is just as well to have the record complete. The fact is that the first Imperial economic conference was held in London in 1923, and was attended by representatives from Canada and other parts of the empire. In 1929 my right hon. friend suggested an economic conference to be held in Ottawa to deal primarily with questions of settlement and development. In the same year, after my right hon. friend's speech—but not because of it, but rather in accordance with a suggestion which had been made at the conference in Great Britain in 1926—the Liberal government of the day did extend an invitation to other parts of the empire for an economic conference to be held at Ottawa in the following year to deal with trade questions. After that invitation had been sent, my right hon. friend repeated his desire for a conference which among other things would deal primarily with the fiscal question and that of migration. In the fall of 1930 the Imperial conference of 1930 was held in London, and so far as the economic side of it was concerned was a tragedy or a farce. It was postponed on the suggestion of the present Prime Minister for a period of about six months. When that time had expired it had again to be postponed to this year because other parts of the empire could not be represented. There is no gainsaying that the coming conference is simply a postponed edition of the conference of 1930. I do not wonder however that my right hon. friend wants to get as far away as possible from the conference of 1930. If he will boldly throw overboard the proposals he made at that conference, all of us

would be glad to have the line of separation as marked as possible. At the moment I should like my right hon. friend to indicate whether the subject of migration or settlement is to be one of the questions at the coming conference, and if so what will be the view or policy of the administration as put forth at the conference in respect thereto.

Mr. BENNETT: Mr. Chairman, the right hon. leader of the opposition seems to be incapable of rendering a constructive suggestion about anything. His one purpose seems to be to destroy. If by any possible chance any credit could be derived by anyone other than himself from any act of state, he at once deprecates it and seizes the first opportunity to show that it has arisen from some suggestion or idea of his own. That may be the purpose of this discussion—it looks like it; to magnify himself and depreciate others. That seems to be his sole purpose in entering upon this discussion today. The item of $250,000 in the estimates we said yesterday might afford an opportunity for the right hon. gentleman and his friends to discuss the forthcoming economic conference. Let us see what he has done. First he has endeavoured to show that he was the author of it. Well, I am quite content.

Mr. MACKENZIE KING: Not at all.

Mr. BENNETT: I am quite content. I am not at all concerned in whose brain cell the thought originated which subsequently blossomed into an act. I am not concerned with that; it is not a matter which gives me the least thought at the moment.

He then points out that this must be an adjourned conference. I ventured to suggest the other evening that I believed it was not so regarded, and I find that I am right. The reason was this: When the former conference was held in 1930 it was suggested by me, in the course of the few observations I made at the opening, that a period not exceeding six months should elapse during which an opportunity might be afforded for considering questions which were at the basis of any discussions which would result in concrete action. That was not accomplished, and at the end of the conference I moved it be adjourned, to be held within twelve months. Within twelve months it was not held, and when there was an election in Great Britain I sent invitations by cable asking if it were possible to have a new economic conference convened here. Whether or not it was to be regarded as an adjournment did not at that particular moment cross my mind. I had not thought about it in that sense, and I cannot say that the matter gave me any cause for thought until the right hon. gentleman raised the point the other evening. Most Canadians—with the exception of the right hon. leader of the opposition—will be glad enough to have the conference in Ottawa, postponed or otherwise. In this strange desire that manifests itself in such peculiar ways that nothing shall happen unless he "happens" it, that nothing shall transpire unless he is behind the movement—that obsession that seizes him and has been apparent all through his public life, and never more than this afternoon—he says this is an adjourned conference. What difference does it make?

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: What difference does it make? Does any hon. member see any difference between an adjourned conference and any other kind? Lest it should be thought that the government, in sending out an invitation to a conference to be held here in July next, should derive in the minds of the Canadian electorate any credit for having conceived or suggested the conference, he must say: "This is an adjourned conference; there is nothing about it for which this government can get credit. I sent an invitation in 1929 which was not accepted." Mr Chairman, surely we have got beyond that. Surely we have got beyond a debating school. Surely we have got beyond the idea held by the college student who says, "I, with my little bow and arrow—I shot cock robin." Surely we are past that stage. But no; the right hon. leader of the opposition is intent upon that.

That is the explanation of the discussion with respect to the postponed conference. So far as I can recall, the word "postponed" with respect to the conference has not been used in any communication which has passed, and the governments of the various sections of the empire, if one may judge by the responses they have sent to the invitations forwarded, have treated it as a conference convened by the Dominion of Canada. I had not thought of it in the sense of claiming any merit. I merely treat this government as being an instrument to bring about a gathering of the representatives of the British empire for the purpose of discussing matters which I believe to be of the utmost interest not only to the empire but to the peace of the world.

Now, in 1929 I made the observations to which the hon. gentleman referred, and I also ventured to call attention to the resources of this country and of other countries that comprise the British empire—nickel, asbestos, timber, and the other great natural

resources such as there are throughout every part of the world, in practically every zone, we have within the empire. I developed the idea that if we had thought more of that and less of other countries we might have had greater stability of trade, and I mentioned the two headings under which it seemed to me we might fairly consider our position—settlement and development. The problem of settlement I pointed out arose because in certain parts of this great empire there are areas in which you have congested population, while in others you have great open spaces in which you require population. I realize that the economic crisis through which the world is passing has made discussion of settlement a matter of extreme difficulty. When the right hon. gentleman asks whether it will be discussed or not, I can only say that individuals have suggested that the matter of migration might readily be discussed; not that there is any likelihood of migration of people from one part of the empire to the other at this moment, but that the whole subject might reasonably be discussed, not in detail, but looking to the future rather than to the present with improved conditions that must result if time is to bring about the changes which we believe it will. Under those circumstances doubtless the question of migration would be suggested for discussion. But it has not been placed upon any agenda or paper that has been circulated up to the moment beyond inquiries as to whether or not in the view of some, having regard to what has been suggested by others, the matter should be considered. Beyond that I cannot say. But any thoughtful man who looks into the future, who visualizes fifty years hence and considers what the position is in Great Britain with its population, must realize the one fact that is outstanding in this country, that if we are to survive in the end we must have more population. Every thoughtful man knows that at the moment economic conditions make it our business to see to it that we do what we can to prevent unemployment or lack of opportunity for employment becoming more acute by reason of bringing additional people into this country. We have pointed that out. There come crises in the history of all nations, and at the moment we have a crisis during which it is not desirable to add to our population. But you have great congested areas of the British empire. The people there should, it seems to me, if one looks to the future half a century hence, find opportunity for development in other parts of that empire that their ancestors, as well as those who now live within the immediate territory affected, won for them and for all who might come after. In those spheres of thinly settled communities there are opportunities for those who come from the congested areas to find and make for themselves homes. That is what I mentioned with respect to the question of settlement and development.

Now, I am willing to submit to any impartial tribunal of my fellow-citizens if they think it is worth considering as constructive criticism on the part of the leader of a great party who has been Prime Minister to try to imply that development does not mean trade. Would any thoughful man say that? Would any one who is not actuated by some motives that prevent him from seeing the real situation not realize that development and trade mean exactly the same thing? I had been pointing out in this instance as I did in others the fact—and I cited from Hansard that in this empire we had vast deposits of nickel, asbestos and other raw materials, and I said:

> I will not at this time endeavour to point out what the resources of this empire are, nor how great a part Canada plays in any development of these resources. In nickel, asbestos, lead, tin, gold, silver, metals, minerals, wood products—in all these there are abundant resources in Canada as well as in other parts of the empire: copper in Rhodesia, diamonds in South Africa and great cotton fields in India and Egypt. We have one-fourth of the people of the world, although it is true that part of them are backward races unsuited to our country. So I suggest to the government that since England can no longer take the lead with respect to this matter, this country should call a great economic conference to meet in Ottawa. Let the Dominion of Canada take the lead.

I was pointing out the basis of all trade. I had referred to our vast and fertile plains, to our great and varied resources, and I had pointed out they were not in one part of the empire, but in Rhodesia, India and other parts of the world. Surely if development means anything it means trade; and trade means development—the development of our resources. I believe this economic conference that is to meet here in July must sit down and consider the question of the development of the resources of the empire. I have pointed out so often that I will not repeat in this house that these great resources are held in trust by the crown for all the people who are within the empire, meaning not only the people of to-day but the people of to-morrow. I ventured then to point out that the toil and the sacrifice and the struggle of men and women in days long since gone by had won these for this population. I believe that still. As I have said, these resources scattered all over the world are held in trust by the crown —the common symbol of a common holding

in trust for all the people of the commonwealth of nations that comprise the empire.

The problem is the development of those resources. That involves in the largest sense the trade of peoples, whether or not, for instance, the requirements with respect to nickel in one part of the empire might be met by the resources of Canada, and the requirements of Canada with respect to other raw materials might be well met by drawing upon the resources of some other part of the empire. In other words, reciprocity in empire products and in empire trade I believe would be very valuable and beneficial. I have ever endeavoured in this house and elsewhere to advocate reciprocity in empire trade, pointing out that I believe if we could serve the interests of one part by reciprocally improving its conditions we were doing a very great service to the whole. I will not dwell upon these matters. I shall leave it to the judgment of this committee as to whether or not the question of development in the sense in which it was used by me with the surrounding context did not involve in the largest and truest sense development of trade in every part of the empire. I am not unmindful of the fact that mistakes may always be made, and they always are made. I certainly am one of those who believe that the only crime you can attribute to a public man is that he remains ignorant despite the warnings of age and experience. Opportunity is afforded to all of us to add to the sum total of our knowledge, and I have never been one of those who are not prepared to admit error—

Mr. LAPOINTE: Hear, hear.

Mr. BENNETT: —who are not prepared to admit error for the purpose of indicating that I have secured benefits by reason of age and experience. But there are certain principles which endure, and the principles to which in my youth I adhered, and which I still believe in, are that we have in this great commonwealth—not by accident—the greatest estate that Providence ever gave to a people; I believe we are accountable for the development of that estate, and the manner in which we have developed and are developing it will be the measure of our sense of obligation and realization of our own trusteeship. If the government, in its endeavour to bring about such a meeting in this city, has had in mind one object more than any other it has been that the men and women—because women on the outside will do much to influence the opinions of men within, as they always have—who meet here as representatives of this vast commonwealth, will endeavour to the best of their ability to devise policies whereby mutual benefits may come with advantage to the whole, that we may, in vigour and strength, maintain that commonwealth which, I am as convinced as I can be of anything in this world, means more for the preservation of the liberty and freedom of mankind than any other secular institution the world has erected. That is my position.

If you ask as to our policies with respect to the conference I can only say that other governments as well as this realize that this is not a mere meeting together of men for the purpose of dealing with the material things of life. There are other forces that must be reckoned with; there are other values that must be determined, and that very fact operates in men's minds, governs their actions, restrains their conduct and disciplines their observations. Any thoughtful suggestions that may come as to how these ends might be best accomplished will be welcomed, but carping criticism, cynicism and endeavours to make it appear that one's views in 1929 with regard to development and settlement do not agree with one's views in 1932 with regard to the advancement of trade and the improvement of economic conditions, are neither helpful nor constructive. This is merely elemental cynicism disguised as a form of what might be called elementary criticism.

That is the position, and if we seek assistance by suggestion it does not mean for a single moment that we do not realize that there is a body of public opinion that is not represented by observations such as those to which we have just listened. There are thoughtful men and women in this country belonging to the Liberal party who are every day making timely suggestions as to how we can best make a success of this gathering. They are not thinking in terms of party; they are not concerned with whether or not there is a Conservative government or a Liberal government in power at the moment. What they are concerned with is that there shall be the very greatest effort made, at this great moment in the history of the world, this time of its greatest crisis, on the part of representative men from every part of a quarter of its area, to evolve policies and formulate plans for the future that will ensure peace, happiness and prosperity to the peoples they represent and, by mutual concession and expressions of good will with respect to trade and the development of the resources of this estate of ours, that we may be able to attain that end. Despite all that may be said and all the unfair allusions that may be made by

the Liberal party, its chiefs and its lieutenants, on the public platform or in this house, we will endeavour to the best of our ability to discharge the responsibility that the Canadian people have imposed upon us, and advance reciprocal benefits, if we can, to every part of this empire in order to ensure the harmonious development of the whole and the peace and prosperity of all its peoples.

Mr. MACKENZIE KING: I shall not endeavour to follow my right hon. friend in the vituperative strain he has thought it advisable to adopt, not only towards myself but towards the Liberal party as a whole. One would have thought that at a moment such as this he above all others would have endeavoured to disclose, by his words and his manner generally, a desire for cooperation in connection with a great imperial undertaking such as that which is about to take place. Fortunately my right hon. friend will be judged by his own words and acts, and I am quite prepared to leave any judgment respecting him to that record.

What I do think is important in a matter of this kind is that there should be historical accuracy in regard to all matters, and certainly those matters which affect other parts of the British Empire as well as Canada. My previous references were made wholly with the view of placing on Hansard an accurate historical statement of the developments which led to the present conference. I thought I did my right hon. friend a kindness by quoting his own words, but I see I have done him an unkindness; I see there is nothing that strikes him quite so hard as his own utterances when they are brought back to him. I spared him, in the first remarks I made, any quotation from that part of Hansard where he sought to claim the entire credit for this conference. I had no motive so petty as that of comparison between my right hon. friend and myself; I am sure he is welcome to any superior position he may wish to assume. I only desired to maintain an accurate historical record, particularly when my right hon. friend sought to take away from one who was a really great man in the leadership of affairs in this country some credit that attaches to him in matters of imperial affairs. I will read from page 2406 of Hansard for this year so that the house may see for itself whether I was claiming credit for all that was done; who, in fact, the "I" was who made the claim:

Mr. Bennett: Well, if they are interested in reading Hansard they will find that as long ago as 1928—

[Mr. Bennett.]

I think that should have been 1929.

—I had said that if we had power my first effort would be to endeavour to call an economic conference of the British empire in this city. I went to London with a very definite idea in my mind. I gave expression to it, and I believed it would be received exactly as it was received. But I said there was a principle that had to be settled first. Those who will do me the honour of reading what I said will find clearly stated the principle that must first be settled. The electors of Great Britain settled it. As soon as they had settled it I invited the representatives of every part of the British empire to come to this city to a conference, and the date has been fixed for the 21st day of July. They are coming, so they say. Therefore the purpose which I had in mind in 1928, which I never failed to keep before me, the one ambition that I entertained if we did come to power I hoped to see realized. In that regard may I say that I have under my hand the memorandum left by Sir Wilfrid Laurier in 1902, when he ceased to agree with his colleagues and took a definite stand with respect to Imperial preference. It is true it was not followed by action, it is true it was not followed by any considered effort to achieve it, but when I read it it will be realized that we at least have now seen accomplished that which he said should be accomplished but failed to accomplish, as did his successors in office.

I leave it to hon. members of the house whether my right hon. friend's own words do not speak more eloquently than it would be possible for any individual to do, as to who is claiming undue credit and seeking to take away from others credit which is their due.

Mr. LAPOINTE: At the risk of drawing upon myself another lecture from the right hon. gentleman, I desire to venture a few words. In the first place I am glad that the right hon. gentleman seems to consider this coming conference as a new venture, altogether free from any impediments which the conference of 1930 might have placed in the way. My right hon. friend seems to have modified his views to some extent, though he will not admit it. He spoke of Viscount Snowden's interpretation of his words in view of the context of the speech in which he made the proposal which I indicated a few moments ago. I happen to have the words of Viscount Snowden, uttered after that offer had been made by my right hon. friend, and he certainly interpreted the proposal exactly as it was made. Speaking at Manchester some time afterwards, Viscount Snowden made two definite pronouncements about his own and his government's views regarding tariffs. I quote from the Manchester Guardian:

It had been reported, he said, that the government was considering the imposition of an all-round 10 per cent import duty for revenue purposes. "No government in which I am in charge of the national finances will ever give serious consideration to a proposal like that."

Again, referring to the government as a whole: "We said we were anxious to do everything practicable to foster and encourage our imperial trade, but we would not support any proposal which involved the taxation of food, raw materials, or a general protectionist policy. That still remains the attitude of the government."

I quote that merely to show what Viscount Snowden thought of the proposal then made. Whether he was right or wrong, he obviously viewed the offer of my right hon. friend in the same way as I indicated it this afternoon.

Mr. HACKETT: He must have changed his mind since.

Mr. LAPOINTE: I am not sure about that; I do not think he has changed his mind. My hon. friends are wrong altogether in their view of what has happened in England. They think that England has become protectionist for all time. That is not true. It is merely an expedient, as they know, so much so that the members of that so-called National government in England are speaking against protection at the present time. I read only a few days ago a violent and bitter indictment of protection by Sir Herbert Samuel, who is one of the leading ministers in that government.

Of course, this is a time when all things happen. We are living in an abnormal period in the history of the world and it seems rather strange that these things should happen. But it shows that protection as a permanent policy has not yet been accepted by England. They had a doctor's mandate, apparently, but they agreed to disagree on many things, and this is one of them. I could quote views of Sir Herbert Samuel with regard to an economic unit in the British Commonwealth of Nations, and those views certainly are in harmony with the views I hold personally.

So far as this coming conference is concerned—and I am not criticizing the policy of the government if I modestly suggest some things regarding it—my right hon. friend says that there is no policy. He is inviting suggestions, though the way he answers them is not very pleasant to those who offer the suggestions. May I suggest to my right hon. friend that perhaps he is wrong when he tries to imitate his High Commissioner in London by disparaging the mental equipment of those who do not agree with him.

Mr. BENNETT: I did not say that about anyone. I said that one gentleman had a somewhat superior mental equipment to another, both on the other side.

Mr. LAPOINTE: I must have misunderstood my right hon. friend, then; certainly we have enough of that sort of thing from the high commissioner, who thinks that all those who do not agree with him are of short vision or low calibre or something of that kind. However, this conference, to be at all successful, must proceed, I submit, along the lines of lowering the tariff. It would be impossible to come to any understanding and to any successful conclusion by adhering to the policies as expressed by my right hon. friend at the conference of 1930. There is emerging from the present depression something that justifies the saying that it is an ill wind—

Mr. BENNETT: An ill wind that blows nobody good.

Mr. LAPOINTE: Yes, an ill wind that blows nobody good; because many people have begun to realize that this race of high tariffs which is being entered into everywhere is a mad race. The idea that the foreigner is a person who must buy but never sell has unfortunately spread from Bedlam to every capital of the world. People are realizing to-day that it is a mistake, in view of the results that are so apparent. The international trade of the world is at a standstill. We have been erecting barriers everywhere. My right hon. friend's proposal in 1930, that we should not lower our tariff at all but that we should raise it ten per cent higher, except for exempting Great Britain and the other dominions from that ten per cent, was certainly not a fair offer, if I may use a mild expression, to make the sister nations of the commonwealth. What benefit will England obtain if she cannot get through Canada's door? What benefit will she obtain because foreign countries are still ten per cent further from our door than she is? And that is exactly the proposal that was made. Indeed, what benefit could we derive ourselves?

I agree with my right hon. friend in what he said this afternoon, that this should be a negotiation based on mutual advantages. I prefer that to the word sacrifices. If you try to base the maintenance of the British Commonwealth of Nations on sacrifices, you are inviting something which at some time or other may be dangerous. What is better is mutual benefit, and no fixed bargaining, nothing that would be a fetter instead of a tie. The union of the British nations must rest upon perfect and absolute freedom. I do not like the term economic unit, which was used this afternoon by one of the speakers on the resolution of my hon. friend from Acadia. An economic union of the empire would mean an economic group against the rest of the world. Let us try to have larger and freer trade as between the nations of

the empire. But we must remain free and autonomous in our economic policies as well as in our other policies, for that is the only way to remain friends and brothers. Mr. Chairman, there is nothing so dangerous, as you know, as business matters and business difficulties between members of a family; they are much more serious and much graver than friction between strangers in business affairs. Our understanding, if there is one—and I hope there will be—must be absolutely founded rather on a gentleman's agreement, a friendly entente as between ourselves, than on any strict rule and bargaining based merely on self interest. I, if I may use the first personal pronoun in a modest way, have always held those views. But I am pleased that I am not alone; I have been sharing them with others. They were those of Mr. Asquith, of Lord Grey. If I had time—and unfortunately I cannot be present to-night—I could quote expressions of opinion of many people, but even at the present time the leading economists and writers in the empire reviews are alluding to the very danger which I have been suggesting. I have in my hand the last edition of the Spectator, of April 30, 1932, and it indicates exactly what I have just been saying about the danger which is ahead. Let me quote only a sentence:

> If one of the delegates at Ottawa, thinking to do his duty by those who sent him, tries to get the better of another delegate, the rift in the family is opened. No doubt we should love our butcher and our baker as ourselves, but a still prior duty is to love the brotherhood or sisterhood, and we may be sure that those who do not first show love in the family do not show it in "business." And, if bargains must be, there is danger of forgetting that the best bargain is never the one by which you or I gain, but that by which we both gain.

My last word is that I think we must see to it that the empire does not stand or fall on or because of the tariff. Our idea of union between the British nations must not be based on tariffs, on duties, or even on preferences.

Mr. BENNETT: I shall be absent this evening, and if it be the desire of the committee that the item should stand, it may stand for further consideration; otherwise we shall go into Agriculture.

Some hon. MEMBERS: Carried.

Mr. MACKENZIE KING: No.

Mr. ILSLEY: Some of us would like to speak on the item.

Mr. BENNETT: The item then will stand and we shall go on with Agriculture this evening. As I say, I shall not be present to-night. Therefore I have suggested, if the committee so desires, the item may stand and we shall proceed with the Agriculture items.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

DEPARTMENT OF AGRICULTURE

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

Dairying, $231,300.

Mr. VALLANCE: I wonder if the minister would give us some idea as to how he proposes to effect this decrease of $63,700 as compared with the expenditure under this item last year.

Hon. ROBERT WEIR (Minister of Agriculture): The decrease of $63,700 is distributed as follows:

Actual disbursements from the appropriation for the development of the dairying industry have for the past two years been about $275,000 and each year, the amount which lapsed was about	$ 20,000
Vote for National Dairy Council is eliminated	5,000
Ten per cent of total pay roll outside service	16,636
It is suggested that the following deductions be made effective:	
(1) Printing	1,000
(2) Temporary laboratory assistant at Quebec	296
Temporary laboratory assistant at Montreal	470
Temporary laboratory assistant at Toronto	375
Temporary laboratory assistant at Winnipeg	280
(3) Three positions (cargo inspectors) to remain vacant	5,500
Rental of one office	120
Dec., Jan. and Feb. salary and expenses of four cargo inspectors (formerly sent to Saint John, N.B. and Portland, Maine)	2,500
(7) Reduction in cost of iced car services	1,000
(8) Creamery cold storage bonuses paid	4,300

(12) 1 position (inspector of dairy products) to remain vacant..	1,620
(13) Milk utilization service:	
Cost of making and preparing exhibits, demonstrations and exhibitions..	2,900
Special investigator of adulteration of dairy products.. ..	2,603
	$ 63,700

Mr. McMILLAN (Huron): May I ask who is the acting dairy commissioner in Doctor Ruddick's place?

Mr. WEIR (Melfort): Mr. Singleton.

Mr. BROWN: It seems to me that before we discuss these estimates in detail we ought to have some explanation as to the general policy that is behind the reduction. It will be observed that there is a total reduction in the estimates for agriculture of $3,297,471.74. It may very well be that in some departments of the government economy can be very properly practised. But in view of the importance of agriculture in the economic life of Canada,—which is recognized by every member of this house; for over and over again we have heard it stated that the farmers are the backbone of the country and that unless agriculture prospers there can be no prosperity in Canada—and that in this country we can only hope for a restoration of favourable economic conditions by the rehabilitation of agriculture, it does seem to me that it is false economy to make such drastic cuts in the agriculture estimates.

The CHAIRMAN: Unless it is with the unanimous consent of the committee, the members must confine themselves to the item under discussion.

Mr. BROWN: I think it has usually been the custom in this house, Mr. Chairman, to have a discussion of the estimates in general.

The CHAIRMAN: I know, but I am stating the rule.

Mr. BROWN: We have had a great many proposals for the help of agriculture. This afternoon we had a discussion on the five cents a bushel bonus on wheat, and it was quite evident from the discussion that the farmers are not very greatly enamoured of a bonus on wheat or on anything else. It is generally recognized that such a procedure is wrong, and while temporary relief might be afforded by a bonus it could not ultimately redound to the advantage of agriculture or of the country in general. Of course we know that these estimates are not sanctioned simply by the Minister of Agriculture himself, but represent the joint conclusion of the whole cabinet, and undoubtedly the Prime Minister and the Minister of Finance have set the seal of their approval on the reductions that have been made. But I repeat it does seem strange that at this time, when agriculture is at such a low ebb that everything that can possibly be done to assist it should be done,—these estimates should be cut so drastically. There may be some places where economies would be desirable. There may have been expenditures in the past in certain directions that were not fully justified. I think the hon. member for Weyburn and myself will heartily approve of the action of the minister and the government in cutting out the grant to the National Dairy Council. The council became simply a propagandist organization to promote the policies of hon. gentlemen opposite who are advocating protection. But in many of the estimates before us there should be no reduction at all. Indeed, the conditions that prevail in this country to-day would warrant an increase in many of these items. That is all I wish to say generally on these items, as we shall have the opportunity to discuss each one as it comes up and to point out the evil that is likely to result if these reductions are carried into effect.

Mr. HAY: May I ask the hon. gentleman if he is opposed to the bonus on wheat?

Mr. BROWN: There is no bonus on wheat.

Mr. HAY: The proposed bonus.

Mr. BROWN: I am not in favour of bonuses of any kind. I think that is a wrong way to help agriculture, and if hon. gentlemen oposite would give a little more consideration to the real difficulties in which the farmer is involved it would be better. It is a mystery to me why men should persist in advocating a bonus on wheat and yet stand for high tariffs on everything the farmer buys. Let us get straight in our thinking on these matters that affect agriculture.

Mr. WEIR (Melfort): The question raised by the hon. member for Lisgar was as to the policy behind these cuts in the estimates. I would suggest that the best way to answer his query would be to deal with each item as we come to it, when the explanation for the reduction can be given.

Mr. VALLANCE: Before that is done, may I point out that the estimates of the Department of Agriculture are being decreased by about thirty-three and one third per cent, a decrease greater than in the estimates of any other department of the government. I am

absolutely in accord with the argument made by the hon. member for Lisgar that this is no time to cut the estimates for agriculture. I wonder if the hon. member who asked the hon. member for Lisgar just where he or we stood regarding wheat bonuses was in the house yesterday when I asked the Prime Minister the intention of the government in connection with bonusing not only wheat but all farm products. The Prime Minister and the Minister of Labour quite frankly pointed out that at the present time the government had no policy, but that if conditions arose which would warrant their doing so they were prepared to take the necessary steps. Up to the present time, however, the government have admitted that they have no policy in connection with the bonusing of agricultural products. Realizing that all the estimates which come before this house must be approved by the treasury board, I should like the Minister of Agriculture to tell me why all other ministers heading the various governmental departments were able to convince the treasury board that it was not necessary to make the cuts in their departments which were found necessary in the Department of Agriculture. As shown by the estimates, agriculture carries the greatest decrease of any governmental department. Why should that be so?

The CHAIRMAN: I should like to read again to the committee standing order 58, paragraph (2), which is as follows:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Mr. BROWN: During the earlier part of this session we got along very well without a strict enforcement of that rule. I purpose to continue in the same way.

The CHAIRMAN: I am sorry, but the regulation is there.

Mr. McMILLAN (Huron): Do I understand that when Doctor Ruddick's leave of absence is finished Mr. Singleton will take his place?

Mr. WEIR (Melfort): The position will be filled by the Civil Service Commission. The six months' leave of absence will have expired in August.

Mr. VALLANCE: The present Deputy Speaker was not able to be with us during the earlier part of the session, and I should like to inform him that in his absence a wide discussion was allowed on all estimates. If he is going to confine us to the item under discussion I should like to ask the minister now regarding another appointment about to be made in his department, namely that of Deputy Minister of Agriculture. Is he in a position to tell the committee and the country who will be appointed? I know the position is not to be filled by the Civil Service Commission.

An hon. MEMBER: Would you like it?

Mr. VALLANCE: Offer it to me, and we will see.

Mr. WEIR (Melfort): We shall not be able to fill the position until August, when the six months' period will have expired. When the position is filled the hon. member will know who has been selected.

Mr. VALLANCE: In view of the answer the minister has given, I should like to know why the vacancy occurred. Was there a voluntary retirement of the Deputy Minister of Agriculture, or were the conditions such that he would no longer tolerate his position?

Mr. MOTHERWELL: I should like to interject—

Mr. VALLANCE: Wait a minute—

Mr. MOTHERWELL: Just a minute; I rise to a point of order.

An hon. MEMBER: One at a time.

Mr. MOTHERWELL: If the Deputy Speaker desires to exercise some authority, and wishes to show how much he knows about running the committee, why does he not draw attention to the fact that this discussion should come up under civil government? The question raised by my hon. friend from South Battleford is not properly debatable at this point. I draw attention to this merely because the Deputy Speaker is sometimes a little bit smart in pulling us up. I now draw his attention to a point he has missed.

The CHAIRMAN: The hon. member is quite right. This is not the proper time to discuss the appointment of a deputy minister.

Mr. TOTZKE: It is quite proper to discuss the retirement of a deputy minister.

The CHAIRMAN: We are on a dairying item; the discussion which has arisen comes under civil government.

Mr. VALLANCE: Mr. Chairman—

The CHAIRMAN: Order.

Mr. VALLANCE: I rise to a point of order. I do not think you are fair.

Some hon. MEMBERS: Order.

Mr. VALLANCE: Because I think you will agree with me that—

Some hon. MEMBERS: Order.

Mr. VALLANCE: If he disagrees with me I will be ruled out of order. You will agree with me, Mr. Chairman, that all the items dealing with civil government have now been disposed of. Are we to be denied the right to ask the minister questions? If so, I purpose appealing from the ruling of the chair.

Mr. TOTZKE: We were given to understand when the civil government items were put through that we would be allowed fuller discussion later on.

The CHAIRMAN: The hon. member for Melville raised a point of order, and I ruled that according to standing order 58 his point is well taken.

Mr. TOTZKE: Mr. Chairman, I ask hon. members if I am not correct when I state that we were given to understand when the items for civil government were passed that general policies of each department might be discussed when other estimates were before the house.

The CHAIRMAN: I have no objection, but the hon. member for Melville has raised a point of order, which I must decide according to the rules.

Mr. WEIR (Melfort): The civil government items of the Department of Agriculture have not been passed.

Mr. GUTHRIE: No, they have not been passed.

Mr. GARDINER: Mr. Chairman, dairying is a very important branch of the agricultural industry. In my remarks earlier in the day I pointed out that dairymen were selling their products at less than their cost of production. I ask the minister if the government has any policy dealing with price levels of dairy products.

Mr. YOUNG: What about the duty on butter?

Mr. WEIR (Melfort): After taking office this government did take steps to assure the Canadian market to the Canadian farmer. We have no authority outside Canada to influence in any way the price of butter on the world market, where our surplus butter has to be sold.

Mr. GARDINER: I appreciate the answer the minister has given, but I am afraid it is totally inadequate to meet the situation. We must consider the price level of agricultural and dairy products in so far as they affect Canadian farmers. Hon. members opposite before taking office told the Canadian people that they had a cure for the marketing situation. The government has been in power about twenty-two months, and the house and country has waited patiently to see what policy they would pursue to back up their statements during the election campaign. They have not brought forward any policies. We have unemployment, a condition with which they were supposed to deal, but so far as the unemployed are concerned, the only thing is to give them unemployment relief. But let us come back to dairying again. How long does the minister expect the Canadian dairyman to produce dairy products at a loss? What is the government going to do about it? Have they any policy to deal with the situation?

Mr. ERNST: In the opinion of the hon. member for Acadia, is it not rather a problem of currency than a problem of policy for the Agriculture department as such?

Mr. REID: The Minister of Trade and Commerce did not say so.

Mr. GARDINER: If the government even had a policy with regard to currency, that might cure the situation we are now discussing.

Mr. ERNST: That is what I asked.

Mr. GARDINER: But so far as I know the government have not got a policy even with respect to currency. I ask the minister in all fairness whether his department has any policy to deal with the conditions under which the dairyman is producing his products to-day and selling them at a price below the cost of production.

Mr. SMITH (Victoria-Carleton): Will the hon. member permit a question?

Mr. GARDINER: I have addressed a question to the minister, and I trust he will be able to give me some information.

Mr. SMITH (Victoria-Carleton): Does the hon. member advocate the bonusing of farm products?

Mr. SPENCER: Now that we have heard from the two assistant ministers, I should be glad if the minister himself would reply to the question of the hon. member for Acadia.

Mr. WEIR (Melfort): My understanding is that this government so far as agricultural products are concerned did not promise to cure all ills, as has been suggested, but rather we promised that we would give the Canadian market to the Canadian farmer. If this discussion, instead of being confined to each item as we come to it, is to take on a general character, I would crave permission of the

committee for a few minutes to discuss the question of agriculture as I see it, and to deal with some suggestions to which we have been giving serious consideration.

An hon. MEMBER: You will have to ask the chairman.

The CHAIRMAN: Is the item carried?

Some hon. MEMBERS: No.

Mr. GARDINER: The minister has made a request to the committee, Mr. Chairman, that he be permitted to give information with respect to some suggestions dealing with the general agricultural situation to which the government and his department have been giving serious consideration. I think the committee would be very glad indeed to get that information, for that is what we are really waiting to hear.

An hon. MEMBER: Yes, give him a chance.

Mr. GARDINER: I suggest, Mr. Chairman, that you give the minister that opportunity.

Mr. BOURASSA: And everybody else.

Mr. WEIR (Melfort): Have I the consent of the committee?

Some hon. MEMBERS: Unanimous consent.

Mr. VENIOT: The same privilege to be accorded to the other side.

Mr. WEIR (Melfort): I think, Mr. Chairman, all hon. members realize that perhaps from the standpoint of agriculture no country in the world has so many difficult problems. The fact that we have about six hundred thousand farmers scattered over an area so extensive from east to west and from north to south, operating under a wide range of climatic conditions and producing a variety of farm products, give rise to many difficult problems. For instance, due to climatic conditions alone it is necessary for us to give careful study to ascertain what breeds of cattle are best suited to the different sections of the country. We have also had to carry on extensive investigations, more extensive than those carried on in any other country, in order to develop grass, grain and other seeds best suited to our varying climatic conditions. Then again our fruit farmers labour under a great handicap because along four thousand miles of boundary line their competitors in the United States have a decided advantage over them with respect to climate, for fruit and vegetables can be produced earlier in the United States and they come on our market at a time when our fruit and vegetable growers feel the competition very injurious to their interests. That in itself has always been a very difficult problem for our agriculturists.

But difficult as it was, in 1929, due to the fact that the tariff barriers had been raised so high against the entry of our farm products into the United States, we found ourselves confronted with another problem that was almost more difficult to solve than those which we had already overcome; I refer to the problem of marketing. Much has been said about production, and for years the United States tariff was such that it was possible for our farmers to market their products to advantage along the boundary line. In fact, it was as though our farmers had an extended domestic market in the United States. One of the results of the proximity of the large cities to the south, where our farmers could market their products, was to give direction to the kind of products they produced. But with the raising of the tariff wall, shutting out our goods from the United States, we were confronted with an entirely new question, the question of marketing our farm products through our eastern and western gateways. No preparation had been made to meet that contingency by any previous government because it had not been necessary, due to the reasons that I have fairly set forth. Therefore we are now confronted with a problem even more difficult than that of diversified production—the problem of marketing. To this problem I have perhaps given more attention than to any other in connection with agriculture since I took this portfolio.

Irrespective of party affiliations, we must meet fairly this question: What can we, as agriculturists, produce to the best advantage to compete with similar products on the European market? Because that is practically the only market that is left to us, particularly the market of the United Kingdom. To decide that question we must take into consideration many different factors or elements. First, we have to consider the long freight haul, whether rail or steamship. Then due to our short summers and long winters the cost of certain types of farming is very much increased and seriously handicaps our farmers in competing on the world's market with the farmers of other nations who do not labour under such handicaps. We must also take into consideration the products that we can produce in sufficient quantities so that once we obtain a foothold on the world's market —the British market—we can ensure a uniform continuity of supply of such high quality as

will enable us to compete with the products of other countries. Another very important question is the cost of production. Not the least question is the standard of living of the farmers who are putting their goods on the world market. Taking all these things into consideration I feel that we might agree to this extent, that we can produce one product which cannot be equalled by any other agricultural country; that is wheat. Whether or not we can produce wheat as cheaply as it can be produced in other countries, due to the difference in standards of living, is a question perhaps not yet decided. Personally I think we can, but even if that is so we still have a big handicap because of our freight rates, both on land and on sea. In butter I think it has been proven that we cannot compete with New Zealand or Australia as far as quality is concerned; for one thing we have not the natural advantages possessed by both these countries, which help them to produce butter so cheaply. However, there is another dairy product which we can produce and sell in the old country markets at a premium; I refer to cheese. So I think if we are to concentrate on dairy products we should concentrate on cheese, and since many think we cannot separate butter and cheese, what assists one is bound to assist the other as well.

As I stated at the outset, in thinking over these problems and discussing them with men especially interested in agriculture, on both sides of this house irrespective of politics, I was confronted with one great question. We have given the Canadian market to the Canadian farmers as far as tariffs have allowed us to do so, but the question is how we can extend the effective range of that tariff. This very small surplus of ten million pounds of butter depressed the price in this country from 28 cents to 17 cents a pound. Is there any way by which that small surplus can be lifted off our market and placed on the old country market? There we are struck with the Patterson scheme of Australia, which I think no one can deny has been a great success. That, however, is not a government measure; it is a matter of voluntary cooperation between certain creameries. In Australia the number of creameries is limited, and it was a comparatively simple matter to get them to cooperate in such a voluntary scheme by which they themselves put a levy of so much on every pound of butter they manufactured. Thus they set up a fund to be used by their export board to absorb a certain amount of the loss on each pound of butter exported. That scheme has worked very successfully in keeping the price of Australian butter higher than the world price.

The question with which we are faced is how to overcome that difficulty in connection with our agricultural products. With that in mind we did contemplate, and are still contemplating the introduction of a national farm products marketing act. We have fully discussed this matter with hon. members on both sides to see if it would not be possible in some way, by setting up such a board, to work out some scheme—which we thought we had fairly well worked out—to lift this surplus off our market and thus extend the effective range of the protection given by the tariff. However, although I was quite decided in my own mind, in discussing the question with impartial people whose opinions I value highly they pointed out that the Imperial conference, about which so much has been said, taking place in the near future, it might be better to appoint a number of men fully representative of the whole agricultural life of Canada to discuss fully the question I have briefly outlined. There is something to be said for that. Although there might be some benefit in having a board set up before the Imperial conference, on the other hand there would be an advantage in not setting up the board until we have had the benefit of the discussions which will take place here, and until we have seen the effect they may have on our relationships with the other parts of the British Empire.

So far as the dairy industry is concerned, then, we have done this: We have made every effort to improve the quality of the stock that is producing the cream from which our butter is made. We have done everything possible to send out information with regard to the lowering of the cost of production, through experiments in connection with feeding. We have also given to the Canadian farmer the Canadian market. It will be remembered that the dairy industry was discussed last year when my estimates were up, and it was stated then that an impartial and conservative estimate of the value of that lgeislation was about $12,000,000. I asked my own officers to make an estimate of the value of that legislation, and their figures were somewhat in excess of the amount I have just given. Those who are interested in the dairy industry will realize that during the past few months the very fact that we were able to keep out butter from other countries raised the price of butter in Canada within a very short period to 28 cents per pound, but with the advent of warm weather, production increased about

20 per cent; we accumulated a visible surplus, and the price dropped to the present level. It is hoped that through the formation of a marketing board some means may be worked out to extend the effective range of our tariff by lifting off the surplus of butter we have in Canada, which has been so detrimental to the price.

Mr. BROWN: I think the minister is giving us a number of very good reasons why these estimates should not be reduced.

Mr. WEIR (Melfort): I am informed that any reduction in this estimate will not in any way lower the efficiency of the branch.

Mr. BROWN: I am speaking of the agriculture estimates as a whole.

Mr. WEIR (Melfort): We are dealing now with item 39.

Mr. McMILLAN (Huron): I should like to ask the minister if there is an agent in London, England, acting for the Department of Agriculture.

Mr. WEIR (Melfort): There are trade commissioners in England to act for this and other departments.

Mr. McMILLAN (Huron): Is there more than one?

Mr. WEIR (Melfort): I think there are five or six in all.

Mr. GARLAND (Bow River): I heartily approve of the suggestion with regard to a marketing board. I should like to go even further and see our external trade handled entirely by import and export boards. That is coming; sooner or later we will have a condition that will compel us to adopt a policy of that kind. In connection with this marketing board for dairy products I wish to ask the minister if he can give us any idea when it will be set up and what its functions will be.

Mr. WEIR (Melfort): I thought I had made it clear that it is not decided yet whether it would be better to bring a marketing board into being at the present time or whether it would be better to wait, in view of the Imperial conference and the many difficulties with which we will be confronted in forming regulations and making this board effective. I am sure no person in the house appreciates better than the hon. member for Bow River the far-reaching results which will follow the setting up of a new board of this kind. Therefore it is felt, though not definitely decided, that it may be better to appoint men representative of agriculture throughout Canada to make a special study of this question and report before the next session of parliament.

Mr. GARLAND (Bow River): Of course there can be no objection to the minister getting the best information on the subject that it is possible to get, but his last statement would clearly indicate that there is no intention on his part to appoint such a marketing board at least until the next session of parliament. Frankly I fail to follow his reasoning.

Some hon. MEMBERS: Louder.

Mr. GARLAND (Bow River): If hon. gentlemen would be quiet they could hear me. I suggest to the minister that his reasoning is not easily followed. I should imagine that because of the coming Imperial conference he would deem it exceedingly advisable to have our marketing, in connection with dairy and other agricultural products, thoroughly organized. He would then have an advantage. At least he would be on an equal basis with several of the other dominions and he would have an advantage over those whose marketing was not organized. I wonder if he would consider that for a moment. I submit that he could enter the Imperial conference in a much stronger position if he had a marketing board.

Mr. WEIR (Melfort): That has been and is being fully considered. One of the questions that doubtless will come up at the Imperial conference is the problem of the various countries putting their goods on the market of the United Kingdom with a bonus, or supported by an artificial levy, and that was one of the advantages which it was felt might come to us by refraining from making the appointment until after the Imperial conference.

Mr. McMILLAN (Huron): What is the name of the agricultural agent in London.

Mr. WEIR (Melfort): There is no agricultural agent in London; I spoke of trade commissioners in the old country. There was an agricultural agent in London, but it was felt that the work would be better coordinated by having, rather than trade commissioners, agricultural agents, and the different organizations operating with them could all carry on better under one head.

Mr. McMILLAN (Huron): Have they their offices in London?

Mr. WEIR (Melfort): London, Glasgow, Bristol, Cardiff, Liverpool.

Mr. ILSLEY: The minister says he has had in mind the forming of a marketing board. What will be the functions of the board?

Mr. WEIR (Melfort): I do not think it would be fair for me to commit myself to a board when we are not yet in a position to decide whether or not such a board shall be appointed or what its powers will be.

Mr. ILSLEY: I have before me the annual report of the National Dairy Council of Canada, from which I quote the following:

> The final result of last season's operations in the butter market is well known. We exported 10,680,000 pounds, chiefly to England. The butter was on the whole well received, and more could have been sold if the offering price had been accepted. Finally we entered the winter season with too much butter on hand, or to put it more accurately, too much to inspire confidence in the market. An effort was made in October and November, to bring about a cooperative export of the assumed surplus. This effort failed, as it was not found possible to induce certain large holders to adhere to it, and the rest would not sacrifice in order to make profits for those who would not take their share of the loss. The market gradually weakened, and in February slipped away to unprecedentedly low levels. The fall at that time was greatly aggravated by banking pressure on certain weak holders who were forced to sell regardless of the market condition. It is questionable whether this policy was wise either from the bankers' standpoint or that of the industry, for it brought about a general lowering of the price level and caused widespread loss and unsettlement.

The question which the foregoing suggests is this: How will the marketing board be able to prevent a recurrence of that condition? Would the marketing board be able in some way to lift off the Canadian market the surplus spoken of in that report? If so, how could that be done? The minister must have given a great deal of thought to the subject, and while it is unfair to ask him to state in detail the powers of a body at present non-existent, still I am sure a good many members would like to know how the situation could be met.

Mr. WEIR (Melfort): What the hon. member refers to occurred a little over a year ago. It had been realized that the surplus butter produced in Canada was produced chiefly in the west, and so long as it cannot be removed off the market it will flow into eastern Canada, depressing the price here, and then on to the world market. It was felt, after consideration, that even if the large creameries in the west would agree to make a levy among themselves of half a cent per pound on the butter they manufactured, and put that into a fund to purchase the butter that was regarded as a surplus in western Canada, if there were, say, 10,000,000 pounds to export and 225,000,000 pounds produced, one-tenth of a cent per pound on the 225,000,000 pounds produced, distributed over the 10,000,000 pounds, would raise the price of the 10,000,000 pounds in the neighbourhood of 2.25 cents per pound. That, roughly, was the scheme under consideration. The representatives of the different creameries in the west met with me and we went into the matter fully for one or two days, then the conference was adjourned, meeting later in Montreal. Some of the creameries represented had also their own distributing concern in the east, and they thought that they were being called upon to make a contribution that would not net themselves anything. In that they were fair. If, however, it could have been made compulsory, dealing with that incident alone, I have no doubt that the condition that did arise would not have arisen.

Mr. VALLANCE: We are now discussing the present condition of agriculture, and the minister has interjected something with regard to what he proposes to do at some future date, provided certain things happen. I am not concerned with what he proposes to do next year or the year after; I am interested in what he is going to do now. He says that next year, after the Imperial conference, we shall have a marketing board. He, himself, interjects the subject and then he refuses to discuss it because he does not think that it should be discussed prior to the Imperial conference. Well, if we are not going to discuss the marketing board, I should like to know from the minister and from the government what they propose to allow us to discuss in regard to what they have to offer as a means of assisting agriculture in the plight in which it finds itself at the present time. I was very much interested in the talk which the minister has given, if not here, then in some other place. He blames the tariff which has been raised by some other countries against our products going into their markets; he blames other tariffs for preventing us from getting in. But I would point out to the minister that if these countries did this, we retaliated by increasing our tariffs against the imports of other nations, making it that much more difficult for the surplus products of our farms throughout Canada to find markets in the world. Now the minister speaks about the Patterson scheme as it operated in Australia some time ago. I am

not sure whether it is in operation now, but I know how Canada met it. We met it by applying the dumping duty, so that the butter came into Canada, not at the price at which it was proposed to bring it in, but at the price in the country of origin. If you create a marketing board that operates on the principle laid down in the Patterson scheme, you will find every country applying dumping duties to prevent you doing the very thing which you propose to do. If we are not to have a marketing board this year, let us forget all about it and discuss the problem that is facing us now. Instead of that, the minister says that some day, at some time in the future, we shall have a marketing board; but that is merely a smoke screen in order to enable him to get these estimates through to-night or to-morrow. I remember that in the dying days of last session—in fact it was the last day of the session—when the estimates of the Department of Agriculture came up, we had no opportunity to discuss matters with the minister, and I pointed out to his chief, the Prime Minister, that it was unfair to the minister himself, in the first place, unfair to this house and unfair to the farmers of Canada, that we should be deprived of an opportunity of discussing with the hon. gentleman any proposals he had for the assistance of agriculture. I think it is only fair to him that to-night he should be given an opportunity to say what he will do, not a year or two years from now, but right at this moment. Yesterday I asked the government what they intended to do in connection with the relief measure then under consideration. I was told quite frankly that the government had no policy. Again to-night we find they have no policy; at least none has been enunciated. If the minister has a policy, I should like to hear him enunciate it and tell us how he proposes to carry it out even with the reduction of thirty-three and a third per cent that is proposed under the estimates at present before the committee.

Mr. WEIR (Melfort): I do not think I have anything to add to what I have already said. Our policy is a very definite one. I outlined as clearly as I could what I thought one of our chief difficulties was. It is a matter of judgment whether it would be more advantageous to carry out now the plans that we had suggested, or to have people who are well fitted and representative of agriculture throughout the country to make a special study of the matter and, if it is thought advisable to do so, have the machinery ready to appoint this board during next session.

The hon. member has made quite a point of what I have said and what he has read that I have said on different occasions. In that connection I should like to refer to just one statement that the hon. member for South Battleford made earlier in the session, seeing that he has commented on observations that I have made. As reported on page 1363 of Hansard of March 22, 1932, he is reported as saying:

> The Minister of Agriculture before the election—he did the same thing after the election—went throughout his constituency and advised some of his followers to hold on to their surplus products because he said prices would soar if the Conservative government were returned to power.

I cannot imagine any statement more devoid of one particle of truth than that made by the hon. member for South Battleford on that particular occasion. When I visited my constituency in January, 1931, one of the times that I have visited it since the last election, I made it perfectly clear to a meeting of my constituents that with the conditions existing in agriculture throughout the world, they had to be prepared to produce bacon at from four to five cents a pound if they were to get a market for it outside of the dominion. In any meetings that I have addressed I have endeavoured to be absolutely fair in any statements I have made regarding agriculture.

Mr. VALLANCE: In view of what the minister has said, and of the fact that he has nothing further to offer as to how the government proposes to deal with agriculture, with the approval of the committee and in order to expedite matters, I now move that the item of $6,671,100 be passed as the agriculture vote for this year so that the Department of Agriculture may be permitted to carry on.

Some hon. MEMBERS: Carried.

Mr. McMILLAN (Huron): No; we want to discuss this item by item. It is information we desire. We do not wish to put the minister in a hole. Any questions I have asked have been reasonable, as I think the minister will agree.

Mr. DONNELLY: I have listened to what the minister has said with regard to the situation in which agriculture finds itself. About a year ago, when he became Minister of Agriculture and before the house met, he had published in several newspapers twelve points that he brought up and what he was going to do for agriculture. I remember referring in the house to those twelve points and telling him what I thought about them.

This year I do not hear him saying anything about them; They have all gone by the board. He has now no policy, and I think my estimate of his policy at that time is just about right. Probably he remembers what my estimate was; I brought it up under point six; it was all answered by number six and that is just what it amounted to. The minister says that the one thing the government has done is to secure the Canadian market for the Canadian farmer. Let me ask the minister: When did the Canadian farmer not have the Canadian market? The trouble was that the Canadian farmer always had the Canadian market, but for many years under Liberal rule they were not able to supply the demands of the Canadian people and some commodities had to be imported. Our farmers at that time did not go in for butter making, chicken raising, egg producing; they went into the most profitable work, that is wheat raising. That was the case until the present government came into power, and then, when conditions went from bad to worse, they had to go into producing eggs and butter, not eating ice cream but making the cream into butter. They did this to try to make a living, and at the present time some of them are making a very poor one.

Some hon. MEMBERS: Oh, oh.

Mr. DONNELLY: Some hon. members may laugh, but if to-day they go into western Canada among the farmers and see them in need, they will not be laughing and considering it a joke. This is no laughing matter among the farmers either of western or of eastern Canada, yet when a farm problem is brought before the house, hon. members think they can sit back and laugh.

I understand the minister during the last election campaign told his constituents that they would have to be prepared to produce bacon for four or five cents a pound. Is that the statement he made?

Mr. WEIR (Melfort): Not during the election. In January, 1931.

Mr. DONNELLY: My information is that the people who assisted the minister during the last election told his constituents they were going to get big prices for their bacon, eggs and butter. They did not tell the farmers they would have to produce bacon for four or five cents a pound or eggs for four cents a dozen. The other day I received a letter from a man in my constituency saying that the price of eggs in my town was four cents a dozen. He says that it takes a dozen eggs to buy an apple. This is a question in mathematics: How many dozen eggs would it take to buy a barrel of apples? That is the condition in which the farmers find themselves in western Canada, and yet our farmer friends opposite laugh and think it is a big joke. Even the hon. member for Long Lake thinks it is a laughing matter. I do not know what his constituents will think when he laughs over matters of this kind.

The situation at the present time is very serious and yet the minister has nothing to offer except that he allows the government at such a time as this to cut the estimates. I notice an item for the administration of the Destructive Insect and Pest Act. In to-day's newspapers we are informed the people in western Canada are threatened with an outbreak of pests in the form of cutworms, yet we are told that this estimate is to be cut down this year. We are troubled at this time with pests, and the greatest of them is the present government. That is what is worrying the farmer now, and he is anxious to get out and cast a vote against them. I implore the government to get the best people they possibly can to fight this pest that is threatening the west.

We are told that the Imperial conference is going to do something for us, and I hope it is. If it is not a success, it will be disastrous for the present government. It is their last sheet anchor, their last hope. We are hoping it will do something for the farmer. I believe the hon. member for South Battleford is quite right: if the government has nothing for agriculture, what is the use of our sitting here and discussing these estimates?

Mr. MALONEY: I agree entirely with my hon. friend from Willow Bunch when he says that the farmer should be given some chance. As I rode to town on the train this morning I saw on either side of the track farmers working strenuously in the fields, ploughing with the old horses, and they were not thinking of a five cents a bushel bonus on wheat, or whether they would receive a dollar or a dollar and a half or two dollars a bushel for their wheat; they were satisfied to go on with their work. I thought that showed the spirit of these men, and was a lesson to every citizen of this country. When I listened to the wailings of my hon. friend from Willow Bunch and my hon. friend from South Battleford, and that grand old patriarch the hon. member for Lisgar, and remembered what they did not do for the Canadian farmer when they were in a position to do something, it reminded me of an incident which occurred in the state of Minnesota a few years ago. The authorities of that state decided to put on a "save the forest"

week. They sent out lecturers through the entire state, and many large meetings were held. At one of these meetings a distinguished forestry expert spoke, and he noticed in the audience a man who was applauding vociferously and vigorously. The lecturer made it a point to see him after the meeting was over, and said to him, "I am so glad that you appreciated my address." "I certainly did," the man replied. The lecturer said, "You must have been interested in forestry yourself and have done something along the line of preserving the forest." "Why, yes I did," replied the man. "Well, what did you do?" "Once," replied the man, "I shot a woodpecker." Our friends across the aisle, Mr. Chairman, when they had the opportunity of helping the farmer, did not simply not shoot a woodpecker they shot the farmer by allowing farm products to flood this country from all quarters of the globe. To-day we are endeavouring to prevent that. We are creating a market for the Canadian farmer.

Some hon. MEMBERS: Where is it?

Mr. MALONEY: I would say to my hon. friends and to the farmers of Canada: Give the present Minister of Agriculture a chance, and he will do something for the farmer, but not with the aid of hon. gentlemen opposite, because they were never known to do anything in the line of advancing the interests of the farmer. But the minister will do it, with the aid of the people of Canada, who I believe are absolutely behind him. He will evolve a policy which will be put into effect in this country before many months are over and it will be to the great advantage of the farmers of Canada.

Mr. BROWN: Will my hon. friend go out and tell the farmers in his constituency that they ought to be satisfied simply to work and not think anything about the prices they get for their products? That is the kind of farmer he holds up to us as an example, and that is just the kind of farmer we do not want to see in this country—farmers satisfied to keep their noses to the grindstone, taking no account of the conditions under which they live, and thinking nothing about the prices they receive for their products.

Mr. VENIOT: Not being able to find in the estimates any item covering the salaries of vegetable inspectors and supervisors, I wish to take advantage of the privilege that has been granted to us to discuss agriculture generally to draw the attention of the minister to what I consider to be a grave discrimination in the matter of the dismissal of inspectors and supervisors of vegetables.

[Mr. Maloney.]

I have before me the report on the dismissal of one Conrad Estabrooks, inspector of vegetables, residing at Upper Sackville, in the county of Westmorland, New Brunswick. Mr. Conrad Estabrooks was notified by the department that his services would no longer be required on account of certain charges that had been made against him, which charges were investigated without any notification to the accused of the investigation to be held. I have here a copy of a letter signed by R. Weir, dated Department of Agriculture, Ottawa, November 5, 1931, and addressed to R. E. Estabrooks, F. L. Estabrooks & Company, Sackville, N.B., reading as follows:

Dear Sir,—

I am in receipt of your letter of recent date complaining of our failure to reemploy Mr. D. C. Estabrooks this fall for potato inspection work.

I have had this matter gone into very carefully by our Mr. Marshall, acting district inspector for the maritime provinces, and our Mr. McIntosh has, I understand, written you several letters in this connection.

Mr. Marshall in submitting his report on this case stated, "I find there is a strong feeling in these sections that discrimination has been shown by this inspector. They feel that Inspector Estabrooks—

It does not say who feel, but simply "they feel":

—is too young a man to stand the strain of family influence, being closely connected with one of the largest shipping firms in that section."

Under these circumstances the department felt that there was no option but to decline to have Mr. Estabrooks reappointed this year. It was not a case of his ability as an inspector or otherwise, but rather one of dissatisfaction on the part of shippers coming under the inspection of this young man, and I feel that the department could not have acted differently in this matter.

Yours very truly,
R. Weir.

This young man asked for the usual investigation and that investigation was refused him. I claim, Mr. Chairman, that where an official is accused of discrimination in the performance of his duty he should if he so desires, be granted an open investigation, and no inspector and no official of the department, or of any department should be sent to hold an ex parte investigation.

Mr. COTNAM: The same as you dismissed postmasters.

Mr. VENIOT: My hon. friend had better keep his tongue between his teeth, if he can possibly do so, or I may have a shot or two for him. I claim it was unjust and unfair, Mr. Chairman, to dismiss an official who asked for an investigation and wanted an opportunity to defend himself.

In rising I said I wished to point out unfair discrimination in matters of this kind as practised by the Department of Agriculture. I have before me a case where on the personal certificate of a member of this house a returned soldier was dismissed in 1931. He was a vegetable inspector at the head of his district. After he was dismissed by order in council based on the certificate of the hon. member representing the county—oh, the minister need not make inquiries about the name; I will give it to him before I am through. I shall give him more than a name.

Mr. WEIR (Melfort): I was not inquiring about the name, but I did think my hon. friend's remarks were somewhat remote from dairying. If the hon. member would wait until the proper time I will have the information he wishes.

Mr. VENIOT: There is no use in the minister trying to raise the point of order that we are dealing with dairying. There is no item in his estimates under which I can bring this matter to the attention of the committee.

Mr. WEIR (Melfort): Oh yes, there is. There is a special item for fruit and vegetables.

Mr. VENIOT: I claim the same privilege claimed by other members. The minister was granted an opportunity to talk, and I have as many rights in debate as he has.

The CHAIRMAN: A point of order was raised by the hon. member for Melville, and by unanimous consent of the committee it was decided to discuss the whole agricultural policy.

Mr. VENIOT: That is what I am doing. Under the personal certificate of the member representing the county, an order in council was passed dismissing the man to whom I refer. The order of dismissal was sent to his chief; his chief notified him; he claimed he was wrongly dismissed, and asked for an investigation under oath. The department notified him that having been dismissed by order in council he could not have an investigation. I agree that when an order in council is passed there is difficulty in recalling it. But what happened in this case? This man, a returned soldier, applied to the soldiers' organization in this city of Ottawa. On his behalf they took the matter up, and after considerable fighting, and pressure brought to bear, the minister notified this man that he would have an investigation, and accordingly an investigation was granted. My point is this: Why was an investigation granted to a man dismissed by order in council, and refused a man who was dismissed or laid off only by order of the minister? There was no order in council dismissing Estabrooks. I do not know whether we should use the common slang expression, but when the pressure was brought to bear I am wondering whether the minister got cold feet and allowed himself in one case to be influenced by the pressure, but in another case refused an investigation. I should like to go a little further with this latter case.

An hon. MEMBER: What was the name?

Mr. VENIOT: The name of the man who was dismissed is Charles D. Smith.

An hon. MEMBER: A brother of the member?

Mr. VENIOT: Not that I know of.

Mr. SPOTTON: Is he married or single?

Mr. VENIOT: An investigation took place, and I am going to place on Hansard some of the evidence taken. Mr. Ronald E. Smith was the first witness called, and under oath he testified as follows:

> I live at East Florenceville. I am a labourer. I attended a meeting called by the Liberal party at Andover in 1930. That meeting was called by the Liberal party asking Liberal supporters and friends of the Liberal party to attend. I attended the meeting at the request of the Hon. B. F. Smith. He requested me to see what the people at the meeting had to say. It was also for the purpose of seeing what prominent men were there. I saw Charles D. Smith, supervisor of potato inspectors there. I was quite near to him. There could be no mistake on my part about his identity. I came back to East Florenceville and reported to Mr. B. F. Smith. I don't know if he took any active part in the meeting.

Later this man was cross-examined by Mr. Money, the lawyer for the accused Charles D. Smith. Under cross-examination the witness said:

> I am a nephew of the Hon. B. F. Smith. I think it was the morning of the convention that Mr. Smith told me to go there. I live with Hon. B. F. Smith. I drove in George Smith's car there that day. He is my cousin and B. F. Smith's son.

Then, when cross-examined by Mr. B. F Smith, the member, he went on to reiterate that he saw this man there again. I may say Mr. George E. Smith also swore he saw Mr. Charles D. Smith at Andover on that date.

Now we have the evidence of Mr. Charles D. Smith, the accused:

> I live at the parish of Perth, Victoria county. I am the C. D. Smith about whose dismissal this investigation is being held. I was not present at the convention at Andover as claimed

by Ronald E. Smith. Since 1919 I have taken no part in politics, other than going to the polls and casting my ballot. I have never engaged in any partisan work in any election, local or federal, since 1919. Since 1919, I have never contributed to any party funds, Liberal or Conservative. I have never received or in any way dealt with any money for any party funds. I have known Ronald E. Smith for a few years. I don't know of any person in Victoria or Carleton county who resembles me in appearance. June 30, 1930, I went from Perth to Hillsdale, Grand Falls and return to Perth. About seventy to seventy-five miles the round trip. I went by auto. July 1st, Perth to Plaster Rock and return, about fifty-five miles round trip. July 2nd, Perth to Aroostock Junction, Kilburn and return about twenty-seven or twenty-eight miles round trip. Usually left in the morning and went to Aroostock and came back for dinner. Made the other trip in the afternoon. July 3rd, I went from Perth to Centreville and Woodstock. Stayed in Woodstock all night.

I have never talked to any person advising them to vote one way or another. I have advised government employees to leave politics alone. Have advised men working under me that they belonged to the civil service and were not supposed to take any part in politics. The only political meeting I have attended since 1919 was the nomination day proceedings in the summer of 1930 for the provincial election at Andover.

When both parties were together.

I stood in the doorway and listened to Mr. White talk. I was there possibly fifteen minutes. Then I went over to the office. On the platform with Mr. White were Mr. Pirie, C. H. Elliott, Mr. Niles. I don't remember who the chairman was.

Then he is cross-examined by Mr. B. F. Smith on the method of recommending sub-inspectors for the inspection of potatoes and so on. He again claims he took no part in politics and denies having stated to Mr. Smith that he was in Andover at such and such a date.

Mr. SMITH (Victoria-Carleton): Inasmuch as the hon. member read the cross-examination of another witness, will he be good enough to read the cross-examination of this witness with respect to his not being at Andover on that day?

Mr. VENIOT: I will do so, because I am always pleased to have my hon. friend's name put on Hansard.

Mr. SMITH (Victoria-Carleton): We all recognize your fairness.

Mr. VENIOT: Here is the cross-examination by Mr. B. F. Smith:

I was appointed potato inspector in the year 1922. I was appointed supervising inspector or senior about four years ago. I was not continually at this work until appointed supervisor. In the appointment of potato inspectors they were selected and then made application on printed forms. I don't know by whom they were selected. Those applications bearing the name of the applicant went before an examining board. I was a member of the examining board.

Mr. SMITH (Victoria-Carleton): Oh, oh.

Mr. VENIOT: The hon. gentleman laughs. What has that got to do with it?

The other members were Mr. Vroom, Gallagher (C.F.), Mr. Hicks. I don't know how many meetings that board held. They held some. I don't know that every application came before that board, but we dealt with what applications were sent us. Every application that went to the department was not necessarily signed by me. The department may have made appointments without my signature as a member of the board. There were somewhere about thirty when all were working. That would be in a rush season. There were about twenty in the two counties of Victoria and Carleton.

Q. Among the twenty inspectors who were working under you in Victoria and Carleton, did you approve of one who was recommended by a Conservative? And prior to the 1930 election? Or in 1930 up to the time of your dismissal?

A. I don't know who recommended these men. I know every applicant has to be recommended by somebody. I would not know who recommended these men unless it was on the application. I can point to one Conservative whose application was favourably considered, Coles Crouse of Upper Woodstock. I don't know who recommended him. I don't know whether it was Charles Clarke who recommended him. Usually three present at our meetings. Mr. Vroom, Mr. Gallagher and myself held our meetings at the most central place according to where the applications came from. I have no records of these meetings. I do not think we held any at Florenceville. I don't know about Hartland or Bath. We held some at Perth, I don't know how many. I don't think we held a board meeting at Perth. The district inspector kept all records. I can't remember that Mr. Hicks attended any meetings. Mr. Vroom attended them all. I cannot say that I attended them all. They never sent me an application to sign after a meeting. Qualifications: knowledge of the potato business; neatness in handwriting; ability to carry on as an inspector. I don't know the political belief of applicants.

Q. What member of the board defined the political status of an applicant?

A. No one that I know of. Politics did not enter into it with me.

Q. Don't you think it significant that out of twenty inspectors under you in this constituency not one was accepted that was recommended by a Conservative?

A. I can name one inspector who was recommended by a Conservative. Allie Shaw. I cannot remember whether the application of Kenneth Squires, a returned man from Upper Carleton county came before me. I don't know whether Squires was appointed or not. I favoured all returned men whose applications came before me. I don't know whether Squire's application is at Ottawa with my name on it as rejecting him. I did not tell you—

That is B. F. Smith.

I did not tell you that I attended the Andover Liberal convention referred to by Ronald E. Smith. I didn't tell you that I was at that Liberal convention for a short time. I didn't tell you I was at that convention between trains. I was in Perth on the day of that convention.

For the information of the committee I may say that Perth is right across the river from Andover.

If I was at Perth I could have attended that convention. The examining board classifies applicants as to their fitness and qualifications to perform their duties. The board rates the applicant and in order to be accepted he must rate 70 so far as I know. Men rated over 70 by us have been rejected by the department.

I have recommended men apart from rating them. I don't know how many. I have never written a recommendation on the back of an application nor have I ever written suggesting rejection.

I did tell Mr. B. F. Smith that I attended the local nomination day convention in 1930.

The applications came to our board from Ottawa.

That is the end of this.

Some hon. MEMBERS: Carried.

Mr. VENIOT: Where is the cheering? What is the cause of its absence? Is it that a returned soldier has been ruthlessly thrown down under such an examination? Here is further evidence:

William White, Sworn:

I was a potato inspector under C. D. Smith for four years.

Q. Did Mr. C. D. Smith ever talk politics with you?

A. No, I don't think he ever did. Before the last federal election he advised me to take no part in politics. We were not supposed to do so. The day of the federal Liberal convention at Andover, 1930, he told me this in his own office. I was present at that convention. After the convention he was in his office working at the desk. That would be about four o'clock. I didn't see him at the convention. I won't swear he was not there.

Mr. SMITH (Victoria-Carleton): Mr. Chairman, I think it is very unfair that the time of the committee should be taken up with a matter that is entirely out of order.

Mr. VENIOT: The hon. gentleman asked me to read this evidence, and I am simply complying with his request. Now he says it is out of order.

Mr. SMITH (Victoria-Carleton): I rise to a point of order. The hon. member for Gloucester has taken occasion irregularly to read the direct evidence of William White without reading the cross-examination.

Mr. VALLANCE: There is no point of order there.

Some hon. MEMBERS: Read the whole thing.

Mr. VENIOT: I have read everything that Mr. William White said on direct examination and cross-examination. In order to prove it to the house I will repeat it.

Mr. SMITH (Victoria-Carleton): I again raise a point of order. The hon. gentleman has not read what Mr. White said under cross-examination.

Mr. VENIOT: I have here the evidence of Mr. White on these two sheets, and I have read every word of evidence under the name of White on these two sheets.

Mr. SMITH (Victoria-Carleton): I submit, Mr. Chairman, that the whole question is out of order.

Mr. VENIOT: If the hon. gentleman himself was in order, Mr. Chairman, he would not have asked me to read the evidence. Now, having read it, he says it is out of order.

An hon. MEMBER: You are in order.

Mr. VENIOT: I am in perfect order. Now he finds the shoe pinches he wants the evidence expunged from the record on the ground that it is out of order.

Mr. SMITH (Victoria-Carleton): I rise to a question of privilege. The hon. gentleman has made a statement that is not in accordance with the facts. He knows very well that the only reason I rose to a point of order was because he was not doing what I asked him to do; he did not read the cross-examination of Mr. White. He would not do that, and I regret that the chairman did not insist that he do it. He has not done it yet—

Mr. VENIOT: Is this a question of privilege? I rise to a point of order now.

The CHAIRMAN (Mr. Maloney): The hon. member for Gloucester, at the request of the hon. member for Victoria-Carleton, proceeded to read the evidence and the cross-examination.

Mr. SMITH (Victoria-Carleton): I shall be glad to hear it.

Mr. VENIOT: I read it. I do not intend to pay any more attention to the remarks or interruptions of the hon. member for Victoria-Carleton. Hansard tomorrow will show whether or not I read all that I should have read. Now I intend to go a little further. I feel that the minister—

Mr. SMITH (Victoria-Carleton): Mr. Chairman—

Mr. VENIOT: If my hon. friend will let the Minister of Agriculture—

Mr. SMITH (Victoria-Carleton): On a question of privilege, Mr. Chairman; I was advised by you a moment ago that the hon. gentleman had proceeded to read the cross-examination of Mr. William White. I did not hear it; it has not been read.

Mr. VENIOT: As much as I should like to comply with the request of the hon. gentleman, I decline to take up the time of the committee in reading again what I have already read. The hon. member can read it in the morning, if his eyesight is good enough after he has spent the rest of the evening thinking over his actions in connection with this matter. The hon. gentleman, a member of this house, attended investigations held for the purpose of dismissing returned soldiers, and he conducted the investigation as a lawyer and a cross-examiner. I say, Mr. Chairman, that this seems pretty small potatoes.

In view of what I have stated to-night, especially with regard to Estabrooks and the discrimination shown, will the minister reopen the Estabrooks case? It is not that I want him restored to his position; I want his character cleared. He has a right to have an investigation to which he can bring his witnesses, where those accusing him will have to appear under oath and state their case face to face with the man they accuse. We are not living in Russia; we are in a free country, where the law says every man is innocent until he is proved guilty. The Minister of Agriculture has refused this man British justice and fair play. He asked for an investigation, but the minister would not grant his request; he was given an exparte investigation. I do not want Estabrooks restored; after such treatment he would not continue under this administration, but I do ask that he be given an opportunity to wipe from his character the blemish placed upon it by this exparte investigation. I think to-night, before these estimates go through, the minister should state to this committee that Estabrooks will have an open investigation.

Mr. SMITH (Victoria-Carleton): I think in fairness to myself, while I regret to take up the time of the committee on a matter which is entirely irrelevant, I should say a word. The hon. member for Gloucester has made a number of statements which might leave a wrong impression with regard to the matter which he has been discussing. In the first place let me refer to Mr. Charles D. Smith, to whom my hon. friend referred. Mr. Smith lives in my own constituency, and he was appointed chief potato inspector for the province of New Brunswick, with headquarters at Madawaska. While he was a member of the examining board and had to pass upon the different applicants for positions, he never recommended one man who was not a Liberal for appointment as potato inspector. The men whose names were given by my hon. friend from Gloucester were recommended by Liberals and not by Conservatives; that is the reason they received the appointment. In my own constituency there was only one Conservative out of twenty.

Mr. BEAUBIEN: That is enough.

Mr. SMITH (Victoria-Carleton): I must confess that during the regime of hon. gentlemen opposite that seemed to be their idea of what was enough. My hon. friend went further and tried to make it appear to this committee that Mr. Charles Smith was not a political partisan. The one fact I have stated is the most convincing argument that could be adduced to show that Mr. Smith was a political partisan, since he did not give a single Tory an appointment during the years he was chief inspector. In the second place Mr. Charles Smith, notwithstanding what he said on that examination, did tell me not once but on two different occasions that he attended the Liberal convention at Andover.

Mr. VENIOT: I rise to a point of order, Mr. Chairman. Will the hon. gentleman take his seat?

The CHAIRMAN (Mr. Maloney): State your point of order.

Mr. VENIOT: Not while the hon. gentleman is standing. The point of order is this: I have read the oath taken by Mr. Smith before the commissioner, and I have read his replies to the questions of Mr. B. F. Smith, in which he denies—

The CHAIRMAN (Mr. Maloney): What is your point of order?

Mr. VENIOT: My point of order is that the hon. gentleman, after the investigation has taken place and the report has been acted upon, has no right to get up in this committee and attempt to contradict evidence which was given while the hon. member was present and did not take an oath.

Mr. SMITH (Victoria-Carleton): I think I have a perfect right to state what was said to me personally.

Mr. VENIOT: Why did you not take the oath? You did not dare give evidence under oath.

Mr. SMITH (Victoria-Carleton): I can say what was said to me personally. That statement, Mr. Chairman, and the evidence of the different witnesses who appeared before that investigator, were heard under oath. Now my hon. friend from Gloucester tries to contradict the evidence which was given before the commissioner, and seeks to suggest that the commissioner who held that investigation did something wrong. That investigator made his report to the department; the report was based upon the facts as he heard them and upon the evidence of the different witnesses who came before him. I submit that it is entirely out of order and absolutely unfair for the hon. member for Gloucester to come before this committee and try to make it appear that the investigator who heard the evidence under oath was guilty of sending to the department at Ottawa a wrong conclusion with regard to the evidence given before him.

So far as the appointment of potato inspectors is concerned, I am very much surprised that the hon. member for Gloucester should try to make it appear that he has been so fair in connection with certain appointments in the county of Carleton. He knows—and it is on record in the department at Ottawa to-day—that he himself came from that province while a minister and did his utmost to prevent certain men being appointed as potato inspectors, although they were perfectly qualified. He used his influence as a minister of the crown to stop the appointment of those men when he knew absolutely that they were fully qualified and were supported by the recommendation of men who ought to have known what their qualifications were. He was guilty of that, and he cannot deny it; yet he stands up here and tries to justify himself before this committee and before the country, endeavouring to make it appear that he was absolutely impartial in the matter of appointments and dismissals.

Mr. MULLINS: I wonder what the farmers of western Canada would think of this fiasco. The farmers of the west are struggling for existence, and yet hon. gentlemen will stand up opposite and make such speeches as we have been hearing. Western Canada is struggling under a very heavy burden at the present time, and we have to listen to such speeches in this house. No wonder agriculture finds itself in its present condition. Hon. gentlemen opposite have talked about agriculture being the basic industry of the west. Yes, it is; but when the estimates of the Department of Agriculture, the most important estimates which we have to consider, come before the house, why do they not permit us to go ahead and make some progress with them? I remember when the hon. member, my neighbour from Melville, was getting his estimates through there was no such obstruction as we are witnessing now. I have here a copy of the estimates for 1929 and I find that in the Department of Agriculture the hon. gentleman had 1,962 employees, hog graders and inspectors of all kinds. He had all sorts of graders grading the farmers of western Canada, and professors of one kind and another chasing beetles and flies all over the country. Why, in the Fort Garry hotel there were twelve of them at one time, trying to find how many whiskers were on barley, and this cost the country all sorts of money. In 1929 it cost $7,201,566 to run the Department of Agriculture, and in 1930 it had increased to $9,400,000. I wonder what benefit the farmers of western Canada derived from that expenditure. Certainly none of it was devoted to that basic industry known as the live stock business; we received no consideration at the hands of the then Minister of Agriculture. Indeed, he abolished the policy of pure bred sires and catered to southern Saskatchewan, putting those settlers on land which it was not possible to farm. It was not farming land. As a matter of fact, a few years ago they had watering carts trying to water the grain, and the hon. gentleman should have known that before he undertook to put settlers in there.

I have no objection to wheat, but I must say that I have listened to discussions about wheat before the committee on agriculture, day after day, when not a word was said in reference to the live stock industry, the most important part, of agriculture. That branch of agriculture has never had a friend; all down through the years, from 1921 to the present time, it has been friendless. Why, when the gentleman who was Minister of Railways was here he was at the head of a corporation in Winnipeg known as the United Grain Growers, and he said to the farmers of western Canada, "Bring on your cattle; ship them in to us; we are your friends and we will look after you". Mr. Chairman, I have stood in the stockyards and have seen the operations going on there. They built a ring at the weigh scales and they put the farmer on a pedestal which they had erected, where he could look down at what was going on but he did not

know what was actually taking place. That is in evidence to-day. Any man who goes to the stockyards will see that pedestal which they put up there, on which the farmer stood, so that he could not hear what was going on when his cattle were going on the scales at less money then they would sell in the open market. I often wondered how long that condition would continue. I have a certificate here for a certain lot of cattle that went through in this way. They took the cattle from the farmers of the west at from one to two and three cents a pound less than their value. That was going on all the time under the ex-Minister of Agriculture; there is no doubt about it. In the stockyards they put up a sign on the wall, "The organized farmer in business". I wondered whether he was in business. After they had milked him dry, so to speak, he went out of business.

The late minister instituted a grading system in the west which was the worst system ever adopted against the farmers in that part of the country, for it allowed the packers the privilege of grading hogs and deriving the benefit therefrom. I say, let the farmer go with his pen of hogs, or with his live stock, and sell them. Don't take the initiative away from him. The farmer does not need any custodian; any time I ever came in contact with him he was able to sell his cattle right in his field. Now he has to send them in to some custodian, under the Live Stock Act which was passed by the late Minister of Agriculture. I am sorry to have to speak this way, but it is my duty to do all I can to assist the farmer. I travelled all the way to Winnipeg to try to obtain a lower rate for cattle, under the minister's Petersen commission, thinking that it was some good. But what happened? I ask, was there ever a fiasco perpetrated upon the people of this country comparable to that Petersen commission? I regret the necessity of naming a gentleman who is dead—he died opposite the parliament building—but I am bound to say that in my opinion it was never intended that there should be a lower rate for the farmers of the west.

Mr. BEAUBIEN: May I ask the hon. gentleman just one question, for information?

Mr. MULLINS: The hon. member will have all the time he wants after I am through. I have here a few newspaper clippings, showing how anxious the late Minister of Agriculture was to do something for the live stock men of the west. Here is one: "Expects cut in freight rates for cattle"; this is from an article that appeared in the Winnipeg Tribune. Another one declares that the government is "seeking means of reducing ocean rates on cattle". Every time the hon. gentleman went to the west these articles would appear in the paper under big headlines, but nothing was done. Another one reads, "Motherwell outlines way to force reduction in Atlantic freight rates". Now the hon. the Minister of Agriculture has secured a freight rate of $10.80 for young steers to the old country. The only market that Canada has is the British market. This circular which I hold in my hand has been travelling all over the west during his term of office in an endeavour to get our young steers into the United States where they are fattened and killed, the beef being shipped back into Canada. We are bringing into Canada in the form of canned meats millions of pounds, equal to 50,000 cattle yearly. We are bringing in pickled shoulders and hams from the United States and thus ruining our own hog and beef industry. If we do not stop this sort of thing, prices will be lowered. There is a way out of this situation and I hope the minister will take up the question when the Imperial conference is sitting here.

There are some good farmers on the other side of the house and I ask them: Why do they sit back and let the fiasco continue that we have had over there? I do not like it and I am sure they do not.

Agriculture is an important item before the house and we should get down to business. Let us give the minister a chance to do something. I know he is trying to do his best for the men of western Canada in regard to wheat, cattle, hogs and every other product of the farm. All I can say is that if the farmer is not successful God help Canada.

Mr. WEIR (Melfort): In reply to the question of the hon. member for Gloucester, I have not the detailed information before me because we are dealing with item 39, but from what the hon. member has said and as far as my memory serves me, this gentleman, Mr. Estabrooks, who was a temporary, seasonal employee, a vegetable inspector, was not re-engaged because it was felt by his superior officers—this is the reason given—that on account of his supposed partiality, it would not be in the interests of the potato industry to reappoint him. If I recollect aright, it was after that the matter was brought to my attention and I gave it very careful consideration. The information that I received forced me to the conclusion that there was no room for two opinions.

As regards the next man, Mr. Smith, from what has been read, this is a different case entirely. It is one of political partisanship, not of inefficiency. Mr. Smith was also a vegetable inspector, and on a letter from a

member of the house saying that of his personal knowledge he knew this man was guilty of political partisanship, the course was taken by my officers that I believe has always been taken in the past on such a letter or on such information being forthcoming; that is, an order in council was passed dismissing him from his position. In spite of the fact that this has been customary in the past, when sufficient information was brought to my attention that I felt I might be warranted, in all fairness, especially as it was a case of political partisanship, in granting an investigation, I did so.

Mr. VENIOT: What about the personal certificate of the hon. member?

Mr. WEIR (Melfort): Just a minute. The procedure that was followed is that which has always been followed in connection with these cases.

Mr. VENIOT: I think I should be given an opportunity of saying a word or two in reply to the minister. In regard to the Estabrooks case, my complaint is that Estabrooks was charged with discrimination, and the report so shows. This is from Mr. McIntosh:

Regarding inquiries re complaint of discrimination—

There was a definite charge of discrimination.

—I might advise that the investigation was conducted.

How was the investigation conducted? This man was not notified. It was an ex parte investigation; he was given no chance to defend himself. It was a case of hanging the criminal and trying him afterwards. Yet the Minister of Agriculture last session and this says that he does not know of any partisanship.

Mr. WEIR (Melfort): Was that partisanship in that connection?

Mr. VENIOT: Yes. Partisanship must have directed the reports received from Sackville, not from potato shippers but from political wire pullers. That is the reason this investigation was held ex parte. What I ask is this: Give this man a chance to clear his character. He has been charged with lack of attention to duty, of discriminating in the inspection of potatoes, because his uncle and I think his father were themselves in the potato business and he was not inspecting their potatoes. I again appeal to the minister to grant this man an investigation—not to restore him to his position, but to give him an opportunity of clearing his character against the charge of discrimination in the performance of his duties. That is all I ask, and I should like to know from the minister to-night whether he will examine the record to-morrow or later on, and, if he finds what I state to be true: that a charge of discrimination was made; that it was investigated ex parte and that the man was given no opportunity to defend himself, whether the minister will reopen the investigation so as to give this man an opportunity of defending his character.

Mr. WEIR (Melfort): My information is that this was absolutely a case of inefficiency.

Mr. VENIOT: But this document in the minister's own file speaks of a charge of discrimination.

Mr. WEIR (Melfort): Discrimination in duty, which is inefficiency. I have given the matter every consideration that I feel it can be given, but so that there may be no possible doubt as to any unfairness in connection with it, I shall be only too glad to give it further consideration.

Mr. VALLANCE: The minister quoted from a speech which I made in the house on March 22 as follows:

The Minister of Agriculture before the election—he did the same thing after the election—went throughout his constituency and advised some of his followers to hold on to their surplus products because he said prices would soar if the Conservative government were returned to power.

The only thing I am sorry about is that the minister did not read the whole speech and take cognizance of what I said in it. What I was dealing with at that time was the very subject we are dealing with to-night, namely the marketing of the surplus products, not only of western Canada but of the whole dominion. What has the government done in regard to this subject? During the last election campaign they promised the farmers, not only of the west but of the whole country, that if they were elected they would do certain things; they would blast their way into new markets. The present Prime Minister went from one end of the country to the other making those promises to the farmers. What did the government do, not at the special, but at the first regular session of parliament? They sent to the committee on agriculture a certain order of reference asking them to investigate and to report to the house on the marketing problems of Canada. What report did that committee bring in? May I again remind the house that concurrence in that report has never been moved. The closing paragraph of it was as follows:

In view of the situation as it presented itself to the committee it is not considered advisable to make any recommendation. Your committee,

however, submit that the evidence submitted to it might be usefully studied by members of the house.

That was the only contribution to a solution that was made by this government the first year they were in office. Now, in 1932, what is their suggestion for the relief of agriculture? The minister holds up what I designated before as a smoke screen of something he proposes to do at some future date, but he does not intend to discuss it now. This is what we are interested in; this is why we are trying to object to the thirty-three and a third per cent reduction in the estimates, because we realize it is utterly impossible for this, or, for that matter, any other government to bring about or to attempt to bring about the fulfilment of the promises they gave to the people of Canada during the last election. So I would advise the minister in his spare moments to read the speech that I delivered in this house on March 22 last. The criticism I made then was in the same spirit that actuates me now—I am acting in the very best of faith, hoping to help the minister. I went so far to-night to try to help him as to move that these estimates totalling six million dollars odd be voted now en bloc because of his lack of knowledge as to what he proposed to do with the money, but he would not accept the motion.

Mr. DONNELLY: I listened to what the hon. member for South Renfrew and the hon. member for Marquette said a few moments ago with regard to the Minister of Agriculture. They pleaded with us to give the minister a chance, trying to leave the impression that we were not giving him fair play. The fact is, Mr. Chairman, that for the past two years we on this side of the house and the people of Canada have been giving the minister a chance to carry on and evolve his policy and tell us what he is going to do, but we are still waiting to learn what his policy is, and it is no wonder that we on this side and the people of the country are beginning to lose faith in anything that the minister and this government are going to do for the farmers.

Mr. GOTT: Not the country.

Mr. DONNELLY: Yes, the country.

Mr. GOTT: What about Athabaska?

Mr. DONNELLY: I want to say this to the hon. member and to the committee. We ask the minister, what is your policy with regard to dairying? Have you any policy? If the minister says that he has no policy with regard to dairying, is it any wonder that we and the public are losing confidence in him? All I have to do to show that the people are losing confidence in him is to quote from a farm paper that I have under my hand. The writer of this article, after the last election when my hon. friend was appointed Minister of Agriculture, was one of his greatest supporters. Here was a man, he said, who was a soldier, a university graduate, a scholar, a mathematician and farmer. He prophesied a great future for him as Minister of Agriculture, and thought that the country was lucky to have him.

Some hon. MEMBERS: Hear, hear.

Mr. DONNELLY: But what does this same man say to-day? Listen to this:

> Weir, of Saskatchewan, is one of the major disappointments.

I don't hear any cheers now.

> Scholar, mathematician, soldier, farmer, he came to the portfolio of agriculture with no political past, every prospect of great success. His prestige grew steadily until the session of 1931.

The CHAIRMAN: I have ruled many times that according to rule 306 it is not parliamentary to quote the opinions of outsiders in newspapers about the proceedings in the house. I will read the rule again:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. DONNELLY: What has the article I am quoting to do with the proceedings of the house? In the first place, Mr. Chairman, this is not a newspaper nor is it written by a newspaper correspondent. This is a magazine. In the second place, it has nothing whatever to do with the proceedings of the house. To continue the quotation:

> His prestige grew steadily until the session of 1931, and never before in Canadian political history have Canning's wise words on reputations in parliament been more completely vindicated. Canning said that many a great reputation in the world of business, law, medicine, scholarship, had been snuffed out like a candle on the threshold of the House of Commons. And our commons has certainly written Weir down from a party asset to a liability.

That is the very same man who just after the election and the appointment of the minister to the portfolio of agriculture praised him to the skies.

An hon. MEMBER: Who is he?

Mr. DONNELLY: The writer of this article is Richard Churchill, and he is writing in the Country Guide of April, 1932.

Mr. COWAN (Long Lake): Where is it printed?

Mr. DONNELLY: I do not know whether it is at Long Lake or where it is. I want to repeat that the country is looking for a policy from this government with respect to agriculture. They want to know what this government intends to do for the dairy industry, and again I ask the minister: Has he any policy with regard to the dairy industry, or has he not?

Mr. PORTEOUS: In view of the fact that much reference has been made to, and much time taken up in discussing, the lack of policy of the present administration, I would ask the present Minister of Agriculture or the former Minister of Agriculture or the hon. member for Willow Bunch, what part of the agriculture policy of the former administration has been abandoned since this government came into power?

Mr. CASGRAIN: Like many other members of the house—

Mr. PORTEOUS: I should like an answer to my question, Mr. Chairman.

Mr. GOTT: It cannot be answered.

Mr. CASGRAIN: Like many other members of the house I have been listening in vain to receive a word of encouragement from the Minister of Agriculture. Some few days ago when we were debating in this house the measure for unemployment and farm relief, I put some questions to the hon. Minister of Labour regarding seed grain and asked him if under that measure farmers who needed it would be allowed to obtain seed grain. I have also written to the hon. Minister of Agriculture with respect to the matter, and I received a reply from him dated May 2, 1932, reading as follows:

> There is no appropriation or authority making provision for the purchase or distribution of seed grain to farmers in any province in Canada. This is entirely a provincial responsibility, and I would suggest that you advise your constituent to take this matter up with the municipal authorities or the provincial government, who, I feel sure, will see to it that they are sufficiently provided for.
>
> Yours very truly,
> R. Weir.

That answer is not satisfactory to me, Mr. Chairman, nor to the people I represent nor to the people of the province of Quebec. This government is simply passing the buck and saying to the province of Quebec: You do the best you can to help the farmers of your own province. Those members who have been in this house for a number of years know that time and again the farmers of western Canada have received advances and assistance from the federal government in purchasing seed grain when they were in dire necessity. I remember also that not so long ago, about the year 1924, when there was a lack of crop in the district that I represent in this house, the Minister of Agriculture in the government of that day (Mr. Motherwell) found ways and means whereby the people of my county and of the district that was stricken at that time were provided with seed grain in the spring, through the efforts of the federal Department of Agriculture in cooperation with the provincial government. It was due to the services of the seed branch under the direction of Mr. Clark that seed grains were provided for the people in my county The minister now states to me in a letter that there is no way in which the people of the province of Quebec can be helped, when they are in need of seed grain. There is no chance for the people of that province to get assistance from this government, despite the fact that in past years under other governments we were able to obtain help. This evening we were told that the government has no agricultural policy. I believe that statement is true, and with that in mind I shall keep the minister's letter and show it to the people of my constituency so that everybody may know that the government has no agricultural policy. They may have some thought for their friends in the west, but certainly they care not for the people in the east, and more especially those of the province of Quebec.

While I am on my feet there is another matter to which I should like to draw the attention of the minister. Although we have received promises from the present administration, and more especially from the minister whose estimates are under discussion, we find very often that instead of constructive work there is more often destructive work in governmental departments. For instance in the constituency I have the honour to represent within the last six years a gentleman named Paul Langlois had been appointed promoter of sheep and swine raising. This gentleman has done good work, and was retained in office until last year. For no good reason at all, except for reasons of political patronage and advantage, he was promoted to another district on the south shore of the river St. Lawrence. In his place Mr. Latulippe was appointed. Apparently the minister, or his official Mr. MacMillan, claimed that this gentleman had qualifications sufficient to entitle him to succeed Mr.

Langlois. What took place was this: For some years previously Mr. Latulippe had been employed by the government of the province of Quebec as promoter of agriculture in the constituency of Charlevoix-Saguenay. He was dismissed by the provincial legislature because of incompetency, and the fact that he was not able to show satisfactory results in his district. Since this government has taken office, Mr. Latulippe has been given the post of sheep and swine promoter in my constituency.

I have before me a letter from Mr. A. A. MacMillan, chief of the sheep and swine division, addressed to Mr. Edgar Rochette, a member of the Quebec legislature. In that letter Mr. MacMillan states that Mr. Latulippe was highly recommended by officials of the provincial Department of Agriculture, and by other men holding important positions in agricultural circles of the province of Quebec. I have in my hand other letters concerning the appointment of this man. It would appear that Mr. Narcisse Savoie, chief agriculturist in the Quebec Department of Agriculture, wrote Mr. A. A. MacMillan on February 4, 1932, as follows:

> As I said in our interview, his presence as sheep and swine promoter in Charlevoix and Montmorency counties is very embarrassing for our men, and we are very perplexed as to the attitude we should adopt towards him. Practically all the parish priests and the majority of the farmers look at him with rather bad dispositions, and we really don't know how good work could be done in such conditions, as a close cooperation between the provincial and the federal employees and the parish priests is necessary to get success.

I should like to know how this government, which is pledged to the promotion and development of agriculture in all parts of Canada, can help the people of Canada to get back on their feet by actions such as I have described. I have received many complaints from the people in my constituency, and they are unanimous in the view that the gentleman who has been appointed by the Civil Service Commission to replace Mr. Langlois will not and cannot make a success of his job because while in the employ of the provincial government he proved a failure.

After Mr. Latulippe left the employ of the provincial government he went into business for himself at Murray Bay. He made a failure of the business, made an assignment, and proceedings were taken against him. The appointment of the sheep and swine promoter in the constituency of Charlevoix-Saguenay was made from a political point of view. During the last election campaign Mr. Latulippe was nothing more than a big drummer, a chief political henchman, carrying all the big guns and working up public meetings in an election campaign which was notorious throughout the province. The people in Charlevoix-Saguenay cannot be expected to go to that gentleman, meet with him and discuss matters in a fair and legitimate manner when most of them know that during the last election campaign he was their opponent. I have written the minister in this connection and only to-day received a reply telling me that Mr. Langlois had been promoted. He was a worthy official, and I am glad his promotion has become effective. I cannot, however, see any reason for moving him, unless it was to find a job for Mr. Latulippe, who, for reasons I have mentioned should not have been appointed.

Miss MACPHAIL: Mr. Chairman, I feel that federal and provincial departments of agriculture and agriculture schools have been stressing production too much. If it has not been true in the past, the fact is to-day that production is not the problem with which agriculture is faced. There is no difficulty in producing sufficient quantities of agricultural products. If the Department of Agriculture is to serve the agricultural industry it must make a sharp swing away from the promotion of production as its chief activity to that of, the cooperative marketing and the processing of farm products. In short, we may say that the business of the Department of Agriculture is to do all it can to meet the economic conditions which the farmer is facing.

At the moment I feel a keen interest in the processing of agricultural products, and I know the minister has been sympathetic concerning the venture about which I am going to speak. In Barrie, Ontario, we have been trying to establish an abattoir for the processing of pork, but we are meeting with very great difficulties. Oddly enough the banks closed the Barrie abattoir when the overdraft was lower than it had been for some months. The minister well knows the details. I dare say the very close interlocking directorates between banks and abattoirs often makes it impossible for the minister, who himself is sympathetic towards the agriculturist, to do the thing that needs to be done. Is the federal Department of Agriculture considering assistance to experimental stations in processing? It does seem to me that that is exactly what the Barrie station is. The experiment is not being carried on by the government, but by farmers, and they are very hard hit by economic conditions this year. If this plant goes down each producer will sustain a heavy loss. There is no reason

why it should go down. Yet I do think those farmers stand in great need of a long term loan at a low rate of interest. The minister may say to me that the government is hard pressed for money. In reply, may I say to him that it does seem to me altogether nonsensical to put people back on the land to produce more farm products, for the very fact that at the moment we have more products than can be marketed. I do feel if some of the energy that is being devoted by the government to this back to the land movement was directed to making successful great cooperative ventures and helping these experimental stations in processing, it would be a much sounder agricultural policy. I have no faith at all in the back to the land movement. There is no sense in placing people on the land—people who possibly have very little experience and very little money—while those who have experience and money are being driven off the land. May I again press the minister for some reply in regard not only to the situation of the processing plant in Barrie but to other processing plants which undoubtedly will come out of this present depression. What will be the attitude of the federal government in regard to them?

Mr. WEIR (Melfort): The matter has been given consideration, but no definite action has been taken yet. It is felt that it is really the work of the provinces rather than of the dominion. For some time we have been discussing with the provinces what assistance could best be given. Similar enterprises have been started, and, I believe, are working out successfully, in the west without any assistance.

Mr. GOBEIL: I am pleased that the hon. member for Charlevoix-Saguenay (Mr. Casgrain) brought up the question of seed grain, for I am very much interested in it myself. I have received several letters from municipalities in my county asking for seed grain. It is quite true, I believe, that the citizens of the province of Quebec are under the impression that they are not getting at the hands of the government the same treatment as the other provinces are getting.

Mr. CASGRAIN: Hear, hear.

Mr. GOBEIL: They are under that impression, rightly or wrongly. I have before me Le Canada of Friday the 6th of May, in which it is stated that last year the Department of Agriculture of Quebec wrote to the federal department asking for aid for their farmers, but without success. Undoubtedly several members of the provincial government are trying to give the citizens of Quebec the impression that the western provinces are receiving special treatment at the hands of this government. As I wanted to give the parties who wrote me correct information, I went to Mr. Clark, the commissioner of that particular branch, and asked of him if there was a law that applied to the western provinces only. He informed me there was none. He added there was a time before the natural resources were transferred to the western provinces when the federal government supplied seed grain to the settlers, but since the transfer the western provinces have received no special treatment. He also told me that Quebec and Ontario never took advantage of the law as the western provinces have done, but that the law is the same for all the provinces. He added, "I imagine if asked by Quebec or Ontario to loan money or to guarantee a loan to buy seed grain for the farmers of those two provinces the federal government no doubt would do the same as it is doing for the western provinces, if such action were found necessary." So I should like the Minister of Agriculture, or perhaps the Minister of Labour (Mr. Gordon), to make a clear declaration to the committee so that there will be no more misunderstanding in the province of Quebec with respect to this matter.

Mr. WEIR (Melfort): In connection with seed grain, if any province communicates with the federal government stating that it is not in a position financially to carry on any of its governmental work, the matter is considered and if deemed advisable money is advanced to the province as a loan only, the province being responsible for repayment. The province is responsible for getting seed grain. With regard to the statement that the previous government did give seed grain to the province of Quebec in a very small area, my information is that the provincial government supplied the seed grain, and the federal government increased the subvention that year in connection with it.

Mr. CASGRAIN: The federal government paid for it.

Mr. WEIR (Melfort): As to the criticism with reference to these appointments, one man—evidently he is championed to a certain extent by the hon. member who spoke in connection with sheep grading—the recognition of whose work so far as I know was not disputed as a result was promoted. So far as I am personally aware there were no representations made on behalf of any person. An examination was held to fill that position, and

the information given me by my officers is that the man chosen at that examination stood well above any of his competitors. I can assure the hon. member that irrespective of any political leanings that he may have,—I am not aware that he has any—if his work is not satisfactory to the officers of the department he will not be retained in his position. This action has been taken with reference to other appointments since this government assumed office.

Miss MACPHAIL: The minister said there were some experiments in processing that were carrying on successfully in western Canada without loans from the government. Would he say where they are?

Mr. WEIR (Melfort): One is in Saskatoon. It was started by the Canadian Live Stock Association, and some assistance was given by the government of Saskatchewan. I believe the one at Barrie, to which the hon. member refers, also received assistance from the provincial government of Ontario.

Mr. SANDERSON: This discussion seems to have gone rather far afield and to have covered a wide range of subjects. I presume we are still on item 39, and I should like to make one or two observations not only with regard to that item but touching some of the other items in the estimates as well. As the representative of a riding which is largely rural I have waited patiently for some statement of policy by the Minister of Agriculture. The chief concern of the farmers in the riding I have the honour to represent appears to be that they also have been waiting for some policy to be brought forward by this government, naturally through the Minister of Agriculture, that would raise their hopes and cheer them up, if nothing more, because the farmers of Ontario are in the same plight as the farmers of western Canada. A few weeks ago I stated in this house that the farmers of Ontario were never in the condition in which they find themselves at present. Not only do they not know how to make ends meet financially; in addition they have lost their morale. They are in the depths of despair, and for almost two years now they have been waiting for some ray of hope.

Mr. COTNAM: Twelve years.

Mr. SANDERSON: Is my hon. friend speaking? I have never seen him rise to his feet and speak in this house yet.

Mr. COTNAM: You have not been here yourself.

[Mr. Robert Weir.]

Mr. GOTT: He said twelve years, and that is right.

Mr. SANDERSON: I was remarking about the lack of policy of this government especially with reference to agriculture. Most of the letters I have had from my riding have been from farmers asking me when I expected some agricultural policy to be given out by this government. So far this session my reply has been that when the estimates of the Department of Agriculture were brought down I hoped the minister would outline some policy which the government might think would be of benefit to the farming communities of the country.

I want to say to the minister that I had a great deal of sympathy with him, and I do not want to be over critical. We realized that the minister came to parliament for the first time after the election of 1930. He was immediately made a minister of the crown, and great hopes were held by his friends that he would at once take hold of the department and endeavour to do something to assist the great basic industry of Canada. I had a great deal of sympathy for him in the special session of 1930 and again last year, because I thought he should be given an opportunity to get well in the saddle before too much criticism was directed at him. I must confess, however, that in this session of 1932, under the conditions existing throughout the country, the sympathy I once had for him has almost vanished. I expected that at least he would rise to-night and give us some sort of policy, but apparently he has no policy at all. The government of the day have no policies on anything; they go on in a hit and miss fashion, and they have not hit very much since they came into power. But it was expected that the Minister of Agriculture, who has been heralded by the Conservative press throughout the length and breadth of this country as one of the outstanding members of this government—

Some hon. MEMBERS: Hear, hear.

Mr. SANDERSON: My friends across the way applaud; my hon. friend from South Essex applauds also. I want to tell hon. gentlemen that about all we get from the opposite side is applause. We do not get any policies or any legislation; this government has been just a hit and miss affair ever since it came into power.

To get back to the Minister of Agriculture, I had a great deal of sympathy for him, but now he has been in office for two years; he has brought forward no policy, so he should

not object if he is subjected to the most severe criticism. Let us consider his statements to-night in connection with item 39, which has to do with dairying. He rather prided himself and rather praised the government on the fact that butter was on an export basis and that a price of 28 cents a pound had been maintained for some time. I would remind the minister and hon. gentlemen opposite that in the campaign of 1930 they went up and down this country, when butter was selling at from 32 to 34 cents a pound, saying "Put in Mr. Bennett and within three weeks the farmers will be getting 70 cents a pound for butter."

Mr. ROWE: Who said that?

Mr. SANDERSON: I think my hon. friend from Dufferin-Simcoe (Mr. Rowe) said it first, and went up and down the country repeating it.

Mr. GOTT: No; we went up and the Liberals went down.

Mr. SANDERSON: The hon. member for South Essex and the hon. member for Dufferin-Simcoe cannot stampede me. So I say, Mr. Chairman, that I do not think the government deserve any credit at all in regard to butter. Instead they deserve condemnation, because we must not forget that, led by the right hon. Prime Minister, whose speeches were echoed and reechoed by his lieutenants, hon. gentlemen opposite went about the country saying, "Put us in power and we will get markets for the products of the farm. We will make tariffs fight for the farmer? We will get markets the world over for wheat, butter, bacon, live stock and every other product of the farm." The people of this country have long memories and they have not forgotten, but they have been very patient with the Minister of Agriculture and his department. Now, however, they have come to the point where they have given up all hope of getting anything from this department.

I want to refer for a moment to the debate which took place in this chamber yesterday with regard to Bill No. 72, which was sponsored by the Minister of Labour but which was practically taken out of his hands during the course of the debate.

The CHAIRMAN: Order. I do not think the hon. gentleman can refer to a previous debate unless it is on the same question.

Mr. SANDERSON: It is on the same question, Mr. Chairman.

Mr. YOUNG: That debate is not yet concluded.

The CHAIRMAN: According to rule 293 the hon. member may not refer to a previous debate of the same session unless it is on the same question.

Mr. BROWN: Bill 72 proposes to give power to the government to aid in the marketing of farm products.

Mr. SANDERSON: That is what I was going to point out. That bill really is for farm relief and it covers the whole question.

The CHAIRMAN: But this is a different question. The committee is in supply.

Mr. SANDERSON: True, we have been all over the map to-night from one end of the country to the other. I would point out, with all due respect to your ruling, Mr. Chairman, that there is a clause in Bill No. 72 whereby the government seek the power—and by their majority in this house they will get that power—of practically a blank cheque once more to aid any industry in the country—any manufacturing industry, any bank, any insurance company, any trust company, any corporation, with unlimited credit. They can spend the people's money and are not limited to $1,000,000 but may spend $100,000,000 or $200,000,000. The point I want to make is this—

The CHAIRMAN: Order. What the hon. member has just said convinces me that it is not the same question, and he may not refer to that debate.

Mr. SANDERSON: I do not want to say much more about it. I have said about all I wanted to say. The government, under this Bill 72, which will pass in a day or two, will have unlimited power to aid all sorts of manufacturing concerns; yet they come into this house with estimates for the basic industry of Canada and show a reduction in those estimates of $3,300,000 odd, notwithstanding the fact that, if agriculture does not prosper, no one in Canada can be prosperous. They have money for everybody but the farmers. They have money for their friends the big interests; they have money for their friends the manufacturing interests; they have money for everybody except the farmer, and the estimates which should be intended to assist the farmer are reduced by 33⅓ per cent or, as I have pointed out, $3,300,000. As has been pointed out in this house time and again in connection with various matters that have been under discussion, the government seem

to forget that the basic industry of this country, namely, agriculture, should receive the first consideration of any administration. But they are going to starve that industry and save millions for the big interests. They will get authority from this house—because they have the majority behind them to carry any measure they bring in—to starve the basic industry of this dominion. They do not appear to be at all concerned about markets for the farmers' products.

Coming back to the minister, he said to-night that he thought he would have a policy. He said, if I heard him rightly, "I discussed the matter with some of my friends and came to the conclusion that there should be a national marketing board. I was of that opinion myself and I still am, but in discussing it with some of my friends I have decided that we will not do anything until after the Imperial conference which is to be held in this city in July." Now, what are they waiting for? Why, three months after they came into power in 1930, if they had been alive to the interests of the country, if they had been alive to our basic industry, they would have formulated some policy for the agriculturists of Canada. But to-day at this late date they have no policy and the minister brings down his estimates to-night, reduced, not by ten per cent but by thirty-three and a third per cent—reduced $3,300,000—and he says, "We have no policy yet, but I have been discussing the question and perhaps after the conference we shall have a policy." Had they been alive to the interests of the farmers, the government would before now have formulated a policy which they could submit to the Imperial conference in an endeavour to obtain a market for the farm products of this country. But they are stifling the trade of the country. They talk about manufacturing in Canada, and hands are being laid off. One thing that the Conservative party has always forgotten is that prosperity in this country must come primarily from the products of the farm. If the farmers are not prosperous, no one will prosper: the manufacturers will have no business, the banks will have no business, the insurance companies will have no business. But hon. gentlemen opposite are neglecting the great basic industry because apparently they do not care. Apparently they do not care for the farmers, but I want to tell them that when the time comes for the farmers of Canada to register their votes, then independent of party feeling or party bias, ninety-five per cent of the Canadian farmers will mark their ballots against this government and turn them out, electing some government that will at least realize that the basic industry of Canada is farming.

[Mr. Sanderson.]

Mr. PICKEL: We have heard a long discussion this evening and great anxiety has been expressed by members of the opposition as to what our policy is. I would ask those hon. gentlemen what their agricultural policy was in regard to the dairy industry. They never had a policy; this country simply drifted in that regard. The only legislation which the Liberal government passed, presumably for the benefit of the eastern dairy farmers, was restrictive and it was very injurious to those farmers. We had a hog grading act, an egg grading act, and various inspections. At one time, in 1926, 1927 and 1928, we had four different inspections. We had a Montreal inspection, a provincial inspection, a federal inspection and a New York inspection, with different regulations governing each.

A good deal of anxiety has been expressed in regard to our agricultural policy. Let me say that to-day, for the first time in many years, we have a Minister of Agriculture who exhibits a little bit of sympathy towards mixed and dairy farming. That is something we have not had in this country for many years. I would advise hon. members opposite to have patience for a short time and they will see that distinct, guiding policies will be evolved.

They are complaining about the price of butter to-day. What was it in 1926, 1927 and 1928? We used to compare it with prices in the United States. At the present time we are getting better prices for butter and eggs than farmers in the United States are receiving. In the first fifteen days of September, 1926, the United States farmer got twenty-six cents a pound more for his butter than we did on this side of the line. We got twenty-nine cents while he received fifty-five cents per pound. For twenty years the United States farmers got from seven to twenty cents a pound more than we did. This is the first time in all these years that the price of butter has been higher in Canada than on the other side of the line.

Mr. BOUCHARD: Has my hon. friend seen the last report of the Department of Agriculture under date of May 7 giving comparisons in regard to the price of butter? In Canada it was sixteen and one-half cents while in New York it was twenty and one-half cents.

Mr. PICKEL: I do not deny that report may be correct, but I say, generally speaking for the past six months our egg and butter prices have been much better than they have been across the line.

As regards the reduction in the agriculture estimates and the references made by some hon. members opposite to different inspectors being laid off and so forth, I should like to cite what occurred in the port of Montreal from 1925 to 1930 while the Australian treaty was in force. During that period the then government maintained seventeen butter graders in that port. In 1928 one of them told me that they had hardly enough butter there to grade for their own use and yet seventeen graders were maintained during that time. The peculiar feature about that grading was this: When we did happen to have a box or two of butter to export, the Englishmen did not accept our grading; he graded it himself. My hon. friends opposite have been making loud noises just to impress their electors; that is all they are doing. I agree with many of them that agriculture is very important and I maintain that the dairy farmer of the east is entitled to some consideration. I have nothing to say against the wheat growers, but for the last fifteen or twenty years, what attention has been devoted to agriculture has been for the benefit of the grain growers of the west. They must not forget that for one grain grower west of the lakes there are two farmers in the east, and that seventy-five per cent of the taxes come from Ontario and Quebec. We want to do anything we can to help the grain growers, but I submit that the whole agricultural policy of the government should not be for the benefit of the west.

Mr. POULIOT: After such a speech, the farmers of the eastern townships will be prosperous and rich. I have never before heard a member representing a rural constituency uttering such nonsense as the hon. gentleman has done.

The CHAIRMAN: To say that an hon. member is talking nonsense is hardly parliamentary.

Mr. POULIOT: Well, I will say not common sense. My hon. friend spoke against inspectors. There are inspectors to classify dairy products, indeed, to classify all farm products, and it is only after such a classification that the farmers can get a fair price. This is something that is known to every man, even to a doctor who lives among farmers. I have for a long time advocated the appointment of inspectors for farm products, because such inspection is most essential. Formerly farm products and, in particular, potatoes, were not graded and the farmers got very little for their products. After inspectors were appointed, after farm products were graded, the farmers received much higher prices. The reason why inspectors should be appointed is that farm products may be graded one, two, three, or A, B, C, as the case may be, so that when the purchaser goes to the market he can get exactly what he wants, for instance, grade 1 or grade 2 potatoes and so on. In the old days that was not the case. When the hon. member for Brome-Missisquoi was young, when a man went into a store and asked for something, he would be told by the merchant: I have not that, but you should take this and it will suit you just as well. Well, when a purchaser goes to a store and says he wants such and such, if he does not get it, he goes to the next store or to the next town in order to get it.

I must congratulate the hon. member for Missisquoi on rising to speak. We have all heard about the Tories from Quebec being dead. I might use in respect to them the term which was used during the war "debout les morts"—"Stand up, you dead." Since the election took place we have not heard from them in regard to butter. They have been as silent as rocks. I cannot compare them to trees, because sap comes out of trees. They are just as dumb as stones. Now they swallow what they vomited before the election. This is what all the Tories from the province of Quebec, especially those from the eastern townships, who were elected because of butter, have been doing. During the last election we heard all sorts of, not nonsense, but things that were not common sense. I make an exception to you, Mr. Chairman, because I have more consideration for you than for your colleagues in the party from Quebec.

Progress reported.

ARMS AND AMMUNITION

APPROVAL OF CONVENTION FOR SUPERVISION OF INTERNATIONAL TRADE IN MUNITIONS AND IMPLEMENTS OF WAR

Mr. SPEAKER: I have the honour to inform the house that I have received a message from the Senate that Their Honours do unite with the House of Commons in the approval of the international convention for the supervision of the international trade in arms and ammunition, Geneva, 17th June, 1925, signed on behalf of Canada by the Honourable Raoul Dandurand on the 22nd September, 1925.

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

Wednesday, May 11, 1932.

The house met at three o'clock.

RADIO BROADCASTING

REPORT OF SPECIAL COMMITTEE TO STUDY PROBLEM OF INSTITUTING CANADIAN SYSTEM

Hon. RAYMOND MORAND (East Essex) moved concurrence in the second and final report of the special committee on radio broadcasting.

He said: Mr. Speaker, in moving concurrence I should like to take a few moments to explain some of the features of the report. First of all, let me assure the house that it has been a real pleasure to work with this committee, largely due to the wholehearted cooperation and assistance given by the members of the committee to their chairman. In fact, they took practically all the work away from me and as a result I found my task easy.

The evidence, coming from all parts of Canada and from practically every walk of life was well prepared. Your committee weighed the evidence, bearing in mind both its source and its kind. In a very short time after we had begun our work it became evident that radio was a weapon which if used in a destructive way, could do a great deal of harm, or was an instrument which, if well used could help to build culture and civilization. The science of radio is but in its infancy. A decade ago it was only a toy, and gradually it has gone through the various stages from the time when we tuned in or dialed to find out how far in geographical space we could reach and what stations we could find, until to-day when it has become a real utility of entertainment and education. It has developed as an aid to education more in the past two or three years than previously. We speak of it as a help in education not only because it may be used to teach the youngsters, but because it is a projected arm of education which helps to finish and instruct adults in their homes. To-day radio finds its way to the homes of the most distant frontiersmen on the very edge of civilization. With those facts in mind your committee undoubtedly realized that their efforts would have to be of a serious character, and that they would have to keep the future definitely in mind.

To-day radio is an adjunct or auxiliary to religious teaching; it is being used by the various churches. Some of us may listen to what is going on in our neighbour's church, without being caught at it, and while things may be running smoothly in our own churches we find, through the radio, that our neighbour's church is prospering just as well. Radio is a great help to the teaching of disease prevention, and the promotion of health measures throughout the country. Through the broadcast of weather reports it is an aid to agriculture and is most useful in police work and many other types of education and utilities.

Your references were very definite. We were asked first to study the Aird report. In 1929 a commission was appointed by the then government. It travelled throughout Canada, the United States and Europe making a study of radio, its methods of application and control in those various countries. A report was made in 1929, which until this day had not been implemented. We were very fortunate in having the help of the three men who made the investigations and prepared the report. They gave us valuable information, which could not be put into the short space of a report. Their work, however, I am satisfied, helped the committee to arrive at the conclusions now before the house.

Your second instruction was to provide a technical scheme that would give to Canada the type of broadcasting to which it was entitled. In order to do that it was necessary for your committee to obtain the help of technical advisers, and in the help we secured we were most fortunate—and I speak both of the advisers who were definitely attached to the committee, and from the department. A scheme is presented in our report which we believe will quite definitely give to Canada that type of radio broadcasting to which she is entitled. I shall take a minute or two to read and to comment upon a few of the suggestions we have made.

First of all we believe a thorough survey of the entire field should be made before anything definite in respect to changes should be contemplated. Secondly, your committee recommends that consideration be given to the use of five 50 kilowatt stations, one in each of the following provinces, namely, British Columbia, Manitoba, Ontario, Quebec, and in the maritime provinces three 500 watt stations, one for each province, or one large 50 kilowatt station, as the commission may later decide. In Saskatchewan and Alberta we suggest two 5 kilowatt stations, in each province, synchronized on a common channel. Further, a 10 kilowatt station in northern Ontario and one in western Ontario, a 1 kilowatt station at Port Arthur-Fort William, a 500 watt station in Toronto, and a 1 kilowatt station at or near Ottawa, Montreal and Quebec.

It might be of interest if in a short way I were to try to give, from a layman's standpoint, something of the business of broadcasting in its technical sense. Having had only six weeks' schooling in the matter I feel I am not very capable of going into the various technical points, but I shall explain it in the way it appeals to me. Dealing with the air, one would naturally believe that that is the one thing of which there is an unlimited amount. Hon. members may call it air, ether or space, whichever they wish. Strange however as it may seem, for purposes of radio broadcasting the air is of very limited quantity. The spectrum or the amount of space allocated or possible for broadcasting is, first of all, divided by international agreements or conventions into that used for commercial purposes, that used for ship-to-shore work and that allocated to broadcasting. On the North American continent there are ninety-six channels, or we might call them highways in the air, and over those channels the human voice or music may be transmitted to be picked up by your radio receivers. By that I mean that if ninety-six stations of, say, 50 kilowatts, were placed on the North American continent there would be no further room for more stations. They would completely cover the allotted space of air, or ether, so far as radio broadcasting is concerned.

As we know, that space must be divided among the United States, Mexico, Cuba and Canada. By definite electric waves set at definite rates they are able to super-impose music or the voice and carry them through those channels, in much the same way that one goes over a highway in the country. Because of the large geographical area and the resulting difference in time it is possible to put stations upon the air with lesser power, three or four on the same channel, providing that the power is not such that they interfere with one another. For instance, it is possible to put upon the same channel a station in California and another in the New England states, or one in the maritime provinces and another in Vancouver, provided the power is not so high that they interfere one with another. That accounts for the large number of stations now operating on the North American continent, most of which are on shared channels. Up to the present time we have been using for radio broadcasting a certain number of channels that were not in use in the United States. There was no definite written arrangement of any kind, but by a word of mouth agreement we were using certain channels. I propose to put on Hansard what channels we are using now and what channels it will be possible for us to use in the future. At the present time under the so-called "gentleman's agreement" Canada has available the following channels:

Clear channels, no power limitations	5
Shared channels, power limited to 4 K.W.	1

That was shared, I believe, with another station near Washington.

Shared channels, power limited to 500 watts	11
Total channels	17

On the five so-called clear channels, we are at present operating the following stations:

Stations of 5 K.W. (power)	3
Stations of 4 K.W. (power)	1
Stations of 1 K.W. (power)	1
Stations of 500 watts (power)	6
Stations of 100 watts (power)	4
Stations of 50 watts (power)	1
Total	16

In other words these channels are really shared and not clear channels in Canada. On the remaining shared channels we are operating a total of 40 stations ranging in power from 500 watts down to 25 watts. In addition there are ten stations operating on "split channels." That is, we found it was impossible to place all the stations we wished on the channels available, either clear or shared, and some stations were put in between two others. I understand we have no right to use these split channels by any international arrangement. The stations have been operating fairly satisfactorily to date, but undoubtedly they will have to be discontinued.

Under the new proposed agreement the following channels would become available:

Clear channels, no power limitations	9
Shared channels, power limited to 1 K.W.	4
Shared channels, power limited to 500 watts	3
Shared channels, power limited to 100 watts	20
Total channels	36

This means that under the new agreement we have increased by 80 per cent the number of clear channels, and have now sufficient high power channels to set up a thoroughly satisfactory trans-Canada chain. This would not have been possible under any arrangement of the clear channels previously available. The four shared channels with a power limitation of 1 K.W. constitute a new type of channel not previously available to Canada. The coverage possible with the remaining twenty-three shared channels will be several times as great as the coverage available from the twelve shared channels previously in use.

In addition, these channels are ideal for the type of community stations so necessary in many parts of Canada.

In the new agreement, the channels for all our high power stations have been chosen from the best part of the broadcast band, namely the low frequency end. In addition, care was taken to see that both geographically and in so far as their relative positions in the spectrum were concerned, these channels were as far removed as possible from powerful United States stations.

The proposed technical scheme does not contemplate using at the present time all of the power that may be employed on these nine channels. In fact the number of clear channels available will provide for a population twice as great as that possessed by Canada to-day.

This agreement does not mean that Canada cannot again approach the United States for a further allotment of channels, should such action ever become necessary. In fact it definitely established a basis for the division of channels between Canada and the United States, should future radio conferences increase the number of frequencies allotted for broadcast purposes. I think it is only fair to say that in view of our desire to establish such a chain of stations in Canada, the willingness of the United States to clear these channels is a friendly act that should be taken cognizance of by this house.

On the North American continent the following channels are now available:

Available for high power stations—	
U.S.A.	21
Canada	9
Mexico	4
Cuba	2
	36
Shared channels in use—	
U.S.A.	87
Canada	27
Mexico	21
Cuba	16
	151

The difference between the possible power that we shall be able to put on the air now with the new channels compared with that under the old is 312·7 K.W. as against 41·25 K.W.

In the scheme of broadcasting certain things have been taken into consideration. Ample coverage for each province has been provided for. Further, 100 watt stations which give a coverage in daylight of at least a twenty-five mile radius are provided for, and with the amount of available shared channels we are quite capable of establishing at least 175 of these.

After establishing the technical scheme the task which your committee was confronted with was to investigate and report upon the most satisfactory agency for carrying out such a scheme. A number of very definite problems presented themselves. First of all we did not have adequate coverage; secondly, there was no trans-Canada or interprovincial broadcasting; third, there was no body or machinery to plan or control programs or advertising; fourth, there was always the possibility of a monopoly being established. On this phase I would cite the words of Mr. E. W. Beatty, president of the Canadian Pacific Railway, who was kind enough to appear before the committee. Mr. Garland asked him:

> You do regard radio, Mr. Beatty, as a natural monopoly?
>
> The Witness: I do, yes. I do not mean to say by that, Mr. Garland, that it is the only way in which it could be effectively dealt with.

Further, the chairman asked Mr. Beatty:

> I think the committee are properly advised that you think that a Canadian national system of some kind is necessary in Canada?
>
> The Witness: Nationwide, yes.

A number of witnesses gave very similar advice to the committee. It is rather interesting to note that in the United States at present it is considered by those who are studying the subject that there is being established very rapidly a radio monopoly. Before the United States interstate commerce committee Senator Wheeler stated that fifty-three of the favoured stations were given more than fifty per cent of the picked channels, while the balance of more than six hundred stations were assigned to the remaining thirty-eight channels. Senator Dill indicated that twenty-five of the forty cleared channels carried the National Broadcasting Company's programs, and twelve were on the Columbia chain, leaving three cleared channels for independent stations.

These were some of the problems which confronted your committee. Another feature which had to be taken into consideration was advertising. As all who listen to United States programs know, advertising is one of the primary factors in radio broadcasts in that country. In England advertising is not permitted at all, and that condition exists in other European countries as well. But because of the fact that we are in such close apposition to the United States it was felt by your committee that advertising should be

permitted to a limited extent, since if it were entirely prohibited in Canada those United States industries having branch factories in this country or selling goods in Canada would have an unfair advantage over Canadian industries. Consequently your committee has recommended that five per cent of the time be the maximum permitted for advertising. Nothing is said as to the quality of the advertising, that being left to the commission, because much was said as to direct and indirect advertising, though no two similar definitions were given to your committee in this regard by any of the witnesses appearing before it. Undoubtedly that is something that will have to be dealt with entirely by the commission.

There is another point which I think cannot entirely be lost sight of; it is that the air is as much a natural resource as our waterways, our water powers, our crown lands or any other part of the public domain. Perhaps it is more important to consider this as a natural resource, since the purpose for which it can be used is very limited. It is possible for us to give away some of our other natural resources and still have plenty left, but in this instance the use to which this natural resource can be put is circumscribed.

Another problem which faced this committee, with which I think most members were familiar in more ways than one, was the question of the finances available for this purpose. In considering all these points your committee deemed it their duty to devise as simple a machine as possible to deal with these problems, so that a commission of three is suggested, with definite powers. These include power to regulate and control all broadcasting in Canada, including programs and advertising; to own, build and operate transmitting or receiving stations in Canada; to acquire by lease, purchase, expropriation or otherwise, any or all existing broadcasting stations; to enter into operating agreements with privately owned stations; to originate programs, and to secure outside programs by purchase or exchange, and to make the arrangements necessary for their transmission. I should like to direct attention to this matter in particular, because telegrams which we are receiving as well as reports appearing in the newspapers indicate that the opinion is held that if this report is adopted it will mean the elimination of all programs coming from foreign countries. We also recommend that the commission be given power to determine the number, location and power of all broadcasting stations required in Canada; to control the issuing or cancellation of licences to broadcasting stations; to cancel the allotments of channels to any stations, or to make substitutions of channels; to prohibit the establishment of privately owned chains of stations in Canada.

Mr. NEILL: I have had a number of telegrams protesting against that provision. What was the reason for it?

Mr. MORAND: I think most hon. members have had telegrams in that regard. The fact that we have suggested that the commission be given power to prohibit these chains does not mean that the commission will not have the power to permit them also. They are simply given the power to prohibit in order that there may not be established, by the assembling of a number of small stations, a definite chain that would come in direct opposition with the larger stations established under the commission. We certainly do not intend to prohibit the possibility of such a chain being set up.

Mr. NEILL: Why not say the commission have power to regulate such chains?

Mr. MORAND: The wording may have been unfortunate, since it has been rather misconstrued, but we are simply asking that they be given power to prohibit if they think it necessary, and to regulate these various chains. We further recommend that the commission be given power, subject to the approval of the parliament of Canada, to take over all broadcasting in Canada and be vested with all other powers necessary or incidental to the fulfilment of the objects of the commission.

We have made some definite recommendations. The first is that it be the first duty of the commission to establish trans-Canada chain broadcasting, through the securing of the necessary land lines. It may be of interest to hon. members to learn that there are in Canada three distinct trans-Canada telephone lines that may be used for this purpose. Each railway has one, and by arrangement among the telephone companies there is a third direct telephone line from the Atlantic to the Pacific that may be used for this purpose. Your committee recommend also that a nationally owned system of radio broadcasting be instituted and that all stations required for its proper organization be eventually acquired, these to be financed from the revenues accruing through the business of broadcasting, without expense to the taxpayers through the public treasury.

I have noticed some comments in the press with regard to the revenues which may be expected to accrue from broadcasting. It is

said that there are six hundred thousand people who have taken out radio licences throughout Canada, and it is estimated that there are at least one hundred thousand others who have been able to escape the payment of licence fees. With seven hundred thousand paid licences we would secure for this purpose a revenue of $1,400,000, and I understand that the total cost at present with regard to interference is only about $200,000. So there would be left for the development of broadcasting in Canada about $1,200,000, without taking into consideration any revenue that may accrue from advertising.

Your committee further recommend that all stations of 100 watts and under, not required for the national system, remain under private ownership, but that they be regulated as to programs and advertising, by the rules of the commission. It may be of interest to hon. members to learn that a station of 100 watts covers a radius of 25 miles in daylight, and of course a much larger radius at night. That is sufficient to cover almost any city, and in fact almost any county, especially in the older parts of Canada.

We further recommend:

(d) That all revenues obtained from licence fees, sale of advertisement, and other revenues accessory to the business of broadcasting, be used by the commission in the interest of radio.

(e) That advertising be limited to not more than 5 per cent of each program period.

(f) That the developing of Canadian art and artists, and the securing of outstanding programs from outside Canada, be encouraged.

(g) That the commission make available to the provinces, when possible, the facilities of national and chain broadcasting.

(h) That the commission make special effort to give such programs as will be acceptable to provincial and local requirements.

(i) That before making changes in Canadian radio broadcasting, the commission makes a complete survey of the present system, with particular reference to adequate coverage.

In order further to coordinate and make acceptable the various programs in the different parts of Canada, we have recommended that in addition to the three commissioners to be appointed, there be in each province an assistant commissioner who will act as chairman of whatever committees may be set up within the province for the purpose particularly of developing the type of program that they may wish to have in that province, or which they may wish to submit to the other provinces as something of some worth or use.

I hear some gentlemen on the other side suggesting that they want jazz. I have no doubt whatever that there can be plenty of jazz even over these stations as well as the others. I wish to make this clear now, that the proper development of a system of broadcasting such as this will not prevent arrangements being entered into with other countries either on this continent or across the sea for the best possible programs which can be secured from them. I wish further to make this statement because over long distance telephone this morning I was asked whether this report would prevent American broadcasting from reaching Canada. I can assure you that even those of us who believe most strongly that we should protect this country by tariffs realize that this is one thing which we cannot stop. Such broadcasting will still come over and people can tune in when they wish to do so.

It does seem to me that in this report we have made provision for an organization which will give to Canada that type of broadcasting to which, in my opinion, Canadians are entitled. I believe we have made provision whereby the natural talent of our country can be developed and be taken advantage of. I believe that we have made provision whereby a greater understanding and unity can be promoted by the proper use of this instrument; and I often think, in the reading that I have done in connection with this whole subject that had the fathers of confederation been able to add this means of communication to the two ribbons of steel by which they endeavoured to bind Canada in an economic whole, they would have accomplished a great deal more than they did, great even as their achievement was.

Hon. W. D. EULER (North Waterloo): It was not my intention to make any remarks on the presentation of this report, but on second thought, as a member of the committee, perhaps I might offer one or two comments. They should be few, I think, because the report speaks for itself. Moreover, the chairman of the committee has made a very complete presentation of the objects and purposes of the report.

Before I proceed further, I should like to compliment the chairman of the committee upon the ability and courtesy with which he presided over the deliberations of that body. There was complete and constant good feeling; in fact, there was probably never at any time a real difference of opinion, which, perhaps, was due to the suave methods of the chairman. I want to compliment him also on the method of presentation of the report itself, for it relieves me of the necessity of making any technical explanations such as he has given.

Generally speaking, I think it may be said that we have followed fairly closely, although not too closely, the recommendations of what is known as the Aird report. The important principle which is recognized in the report, and was recognized unanimously by the committee and by almost all of the witnesses who were heard, was this: that radio is in itself a natural monopoly. One member of the house said to me, in the early stages of the meetings that we held, that radio was a use of the air and therefore should be as free as the air. Now that sounds quite plausible, but when you consider the facts, it is utterly impossible to suppose that radio can be as free as the air itself, because, as the chairman has explained, there are only so many channels that can be used, so that the number and the use of those channels are limited. Therefore, as he has said, since it is in every sense a great natural resource, there should be some sort of control over it. It having been established to the satisfaction of everyone that radio is a natural monopoly, then it was a question of deciding whether it should be a publicly owned and controlled monopoly or one privately-owned and controlled. It is perhaps unnecessary for me to say that I should be opposed to the establishment of a privately owned monopoly of radio. We were opposed to private monopoly. We also recognized this —and it is what we were trying to avoid in the presentation of the report—that present conditions might so develop that outsiders might acquire control of radio broadcasting in this country, which is something very much to be avoided.

Speaking briefly, the main objects we hope to attain if legislation is introduced based on the report, are these. First of all, we wish to give complete coverage so that every listener-in, practically every resident in Canada, will have an opportunity of listening in to the best kind of programs. We also hope to provide a reasonable control of programs. We hope to promote national sentiment, to encourage Canadian art and music, to promote education, to lead to an interchange of programs between various countries, because it is easily possible, I am informed, under the system we propose to establish, to obtain the very finest programs from other parts of the world: from Britain, France, Germany, Italy and other countries as well as from the United States.

I wish for a moment to remove some misconceptions and to answer some of the arguments advanced in support of the objections that have been taken to the nationalizing, if I may so describe it, of broadcasting. It is a fact that under this system it will be possible for any listener-in, any owner of a radio, to sit down and tune in just as he pleases on any United States or other program, whether it be a jazz program or one consisting entirely of classical music or anything else—Amos 'n' Andy or anything else he may wish to enjoy. He is not shut off from listening to the programs to which he has been listening in the past. In fact, I would say there is nothing in this report, if it is carried out that will prevent the listeners-in in Canada from enjoying absolutely all the privileges which they have to-day, unless they be modified by the fact that a necessary control of programs and advertising will be vested in the commission which is I hope to be established.

Another objection which was raised, and I think it was a very strong and a very fair one, was the fear that under this system of public ownership there would be some five or six or seven great broadcasting stations and that the smaller stations of 100 watts and under, operating in the smaller centres of population, would be abolished and could not be reestablished, so that the people in the smaller communities would be deprived of the privilege of listening to their own matters of local interest, whatever they might be, such as speeches, public addresses, report of hockey matches and things of that sort. There is provision made in this report that smaller stations may still be maintained, much as they are now, under private ownership, although their programs and the advertising remain under the control of the central commission.

Mr. HANSON (York-Sunbury): Would those smaller stations be permitted to go into a dominion-wide hook-up in the event of some national event being broadcast, or would they have to pay the transportation charges if they desired to come into such a hook-up?

Mr. EULER: That is a detail so far as the expenses are concerned on which I cannot inform my hon. friend, but there is no reason in the world, so far as I know, why the smaller stations cannot hook up with the big stations in the events of the kind my hon. friend speaks of.

The story went out all over Ontario in a circular letter that the nationalization of broadcasting would mean the expenditure of something in the neighbourhood of fifteen millions of dollars per annum, and the payment of a licence fee of $30 a year. The people of my province were sent a return post-card upon which to inscribe their names and thus enrol themselves, without any expense to themselves, as members of a certain

radio league. There were some 50,000 enrolments under that particular little system, and I leave it to the judgment of the house whether it was not sufficient to make every person in Ontario who owns a radio set enrol when he contemplated that he would have to pay a licence fee of $30 a year under a government owned system.

Mr. CHAPLIN: Especially when there was no fee to enrol.

Mr. EULER: Especially when there was no enrolment fee. That impression which went abroad caused a great deal of harm and uneasiness, and it is for that reason alone that I mention the matter now. I think I am right in saying that it is not likely that under the proposed system the licence fee would be very materially increased above what it is now. I do not see that that would be necessary. I wanted to remove the misconception in the minds of the public as to the excessive cost that might accompany the introduction of the new system.

Then, under the new system we hope to have the control of advertising by the commission, and I think every member will agree that that is very necessary. I am not sure whether the chairman mentioned the percentage allotted to advertising, but it is fixed at five per cent of the time of any radio program.

Mr. MANION: What is the percentage in the United States?

Mr. EULER: I cannot answer that question.

Mr. MORAND: There are no restrictions at all there.

Mr. EULER: There are no restrictions there, but what the actual percentage consumed in advertising is I am not prepared to say.

Then there will be the control of programs. I am well aware that some people feel that this radio commission will have ideas which will lead them to give to the people programs which they think the people ought to have, rather than what the listeners-in desire. I hope that that is not true. I hope that the national commission will certainly do something, indeed a great deal, to promote the things that I spoke of—national unity, if you like—promote the purposes of education and other very desirable things; but as I said before, the listener-in who does not desire to hear that sort of thing is under no compulsion to do so and may tune his own radio to whatever kind of program from Canada or the United States he chooses to listen to.

[Mr. Euler.]

Finally we recommend, of course, that the control of radio broadcasting be placed under a commission, and that all the fees derived from licences be placed in the hands of that commission.

Mr. DUPUIS: Will the commission be non-partisan?

Mr. EULER: I am not sure, but I hope so. Here was another objection. People were afraid that we would recommend a large capital investment in the establishment of these stations. That is not the case. Those who have read the report and have heard the chairman of the committee speak will know that we are recommending no capital expenditures to be made out of taxes, but that the whole of the expenses of the radio broadcasting commission be defrayed out of the receipts for licences, and perhaps from one or two other sources.

In passing I would say this, in the past, even with the old licence fee of one dollar the government saved out of the money thereby received over $1,000,000. I am not sure but that the old government had a hand in that as well as the present government; I do not know, but about $1,100,000 was saved out of those fees after paying for the work which the government did in connection with removing interference and giving services of that kind. Personally I think that that was not a fair thing to do. I think that the licence fees received from the listeners-in should have been expended in the interests of those listeners-in to give them a better service, eliminating interference and so forth.

My hon. friend from Laprairie-Napierville (Mr. Dupuis) asked whether this commission would be non-partisan. I said that I do not know whether it will be or not, but if the government are going to carry out all the other recommendations of this report, surely they will have no reasons for refusing to carry out what I think was the final one, that the commission should be of a non-partisan character.

In conclusion, Mr. Speaker, what the committee had in mind was something that will make, not for the detriment of the listeners-in of Canada, but for the benefit of all of them, in greater degree than they have ever enjoyed before.

Motion agreed to.

CIVIL SERVICE COMMISSION

Hon. C. H. CAHAN (Secretary of State): I beg to lay on the table a copy in French of the twenty-third annual report of the Civil Service Commission of Canada. The English copy was presented a few days ago.

UNEMPLOYMENT AND FARM RELIEF

ORDERS IN COUNCIL TABLED

Hon. W. A. GORDON (Minister of Labour): I desire to lay on the table orders in council Nos. 1095 to 1102 inclusive, pursuant to the provisions of The Unemployment and Farm Relief Continuance Act, 1932, all of which refer to payments of money under the act.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

QUEBEC POST OFFICE—SERVICES OF EMPLOYEES TO MR. L. TANGUAY

Mr. ROBERGE:

1. Were employees of the Quebec post office placed at the disposal of a Mr. Laurent Tanguay?
2. If so: (a) what are the names of said employees; (b) on what dates did they work for said Mr. Tanguay; (c) what was the nature of the work; (d) on whose instructions were they placed at the disposal of Mr. Tanguay?
3. Was postal matter forwarded by Mr. Laurent Tanguay by making use of the franking privilege of Mr. M. S. Tanner Green, postal superintendent at Quebec?
4. If so, on what dates and on whose instructions?

Mr. SAUVE:

1. Stenographers from the office of the district superintendent of postal service, Quebec, have been placed at the disposal of cabinet ministers or their employees in Quebec—this procedure having been in operation at Quebec, for the past twenty years.

2. (a) Miss A. M. Lefebvre, Miss Blanche Couillard; (b) They worked for cabinet ministers or their representatives when and as required; (c) Stenographic work; (d) The practice has been followed for some years and assented to by the Post Office Department.

3. Correspondence has been given free transmission through the office of the district superintendent of postal service at Quebec.

4. See No. 1.

CACOUNA, QUE., INDIAN AGENCY

Mr. POULIOT:

1. Did Mr. A. F. MacKenzie, Secretary of the Minister of Indian Affairs, when he went to Riviere du Loup, last March, meet other persons than the four candidates for the position of agent of the Cacouna Indians?
2. If so, what are the names of the persons he met other than the four candidates for the position above mentioned?
3. Did the Minister of Indian Affairs inform other persons than the four candidates above mentioned of the visit of Mr. MacKenzie?
4. If so, what other persons, and on what date?

Mr. MURPHY:

1. Yes.
2. Mr. C. E. Dube, Mayor of Riviere-du-Loup; Mr. Marquis, ex-Indian agent; Chief Ahtanase, Chief of Cacouna band of Indians.
3. No.
4. Answered by No. 3.

LABOUR GAZETTE—CALGARY CORRESPONDENT

Mr. MACKENZIE (Vancouver Centre):

1. Has Mr. H. H. McKim, correspondent for the Labour Gazette for the city of Calgary, been dismissed?
2. If so, what were the grounds of dismissal?
3. What is the name of the person who replaced Mr. McKim?
4. By whom was the said person recommended?
5. Is the present appointee a veteran of the great war?

Mr. GORDON:

1. Yes.
2. Political activity.
3. Donald MacPherson.
4. The federal member for the constituency of Calgary East.
5. According to our information—yes.

HUDSON BAY RAILWAY—COAL SUPPLIES

Mr. RALSTON:

1. From what mines did the coal come which was purchased by the government for the Hudson bay railway for use at Fort Churchill, during the calendar or fiscal year, 1931?
2. What was the quantity purchased from each mine, showing whether it was bituminous, lignite or anthracite?
3. What was the average cost of bituminous, lignite and anthracite respectively, delivered at Fort Churchill?
4. If any coal was brought in from the United States, what was the cost of such coal, showing same separately from other similar coals brought in from Canada?
5. What is the rate per ton charged for freight rates on the Hudson bay railway on such coal and included in the cost?

Mr. MANION:

1. Blacksmith coal: Black Knight Mines, Rawleigh, West Virginia; lignite, Drumheller Mines, Drumheller, Alta.; bituminous: Luscar Mines, Luscar, Alta.

2. 27 tons, 800 pounds blacksmith; 635 tons, 1,280 pounds lignite; 8,230 tons, 550 pounds bituminous.

3. Blacksmith, $15 net ton, f.o.b. Churchill; lignite, $9.50 net ton, f.o.b. Churchill; bituminous, $10.50 net ton, f.o.b. Churchill.

4. 27 tons, 800 pounds of blacksmith coal were brought in from the United States at a cost of $411.

5. Lignite, 30½ cents hundred pounds from Alberta mines to Churchill; bituminous, 35 cents hundred pounds from Alberta mines to Churchill.

WHEAT AND WHEAT FLOUR EXPORTS

Mr. COOTE:

1. What was the estimated quantity of wheat and wheat flour exported from Canada during each year 1924 to 1931, inclusive?
2. What was the total value of same; and the average price per bushel during each of these years?

Mr. MANION (for Mr. Stevens):

1 and 2. The estimated quantity of wheat and wheat flour exported from Canada; and the total value and average export price per bushel during the fiscal years ended March 31, 1924, to 1932, were:

Fiscal years	Quantity bushels	Value $	Average export price per bushel $
1924...	309,587,417	330,541,677	1 07
1925...	241,396,059	322,304,536	1 34
1926...	295,061,853	434,051,986	1 47
1927...	294,162,155	421,815,274	1 43
1928...	309,144,918	411,996,452	1 33
1929...	421,785,327	493,642,105	1 17
1930...	212,529,189	261,210,670	1 23
1931...	249,724,883	210,296,003	0 84
1932...	215,677,763	134,636,926	0 62

UNEMPLOYMENT AND FARM RELIEF—THREE RIVERS-ST. MAURICE

Mr. BOURGEOIS:

1. Has the Dominion unemployment committee, through the medium of the Quebec provincial government, received from municipalities of the county of Three Rivers-St. Maurice, requests which were refused, for funds in order to execute works pursuant to the Unemployment and Farm Relief Act?
2. If so, what are the names of said municipalities and for what amounts, respectively, were such requests made and refused?

Mr. GORDON:

1. No.
2. Answered by No. 1.

DEPORTATIONS

Mr. WOODSWORTH:

1. How many people were deported from Canada during the past twelve months?
2. To what countries were they deported?
3. For what reasons?

Mr. GORDON:

1. Total deportations fiscal year 1931-32, 7,024.

[Mr. Manion.]

2. Deportations from Canada showing countries to where deported for the fiscal year 1931-32: Austria, 53; Belgium, 50. British: England, 2,217; Northern Ireland, 404; Irish Free State, 146; Scotland, 1,162; Wales, 276; Australia, 12; British West Indies, 7; Newfoundland, 18; New Zealand, 1; South Africa, 5. Bulgaria, 8; China, 77; Czecho Slovakia, 311; Danzig, 3; Holland, 75; India, 3; Esthonia, 4; Finland, 256; France, 16; Germany, 222; Greece, 17; Hungary, 179; Italy, 24; Japan, 28; Jugo Slavia, 88; Latvia, 2; Lithuania, 29; Luxemburg, 1; Malta, 1; Palestine, 1; Poland, 500; Roumania, 150; Russia, 22. Scandinivian: Denmark, 142; Iceland, 1; Norway, 111; Sweden, 87. Spain, 1; Switzerland, 46; Syria, 7; Turkey, 1; U.S.A., 260.

3. Deportations from Canada showing causes of deportation for the fiscal year 1931-32:

Public charges	4,507
Convicted of criminal offences.	930
Opium and Narcotic Drug Act.	75
Mental causes—	
Insanity	285
Epilepsy	6
Feebleminded	12
Otherwise mentally defective.	27
Medical causes, including physically defective	367
Misrepresentation and stealth	230
Previously deported	13
Other causes	27
Accompanying	545

QUESTIONS PASSED AS ORDERS FOR RETURNS

RELIEF MEASURES—FINANCIAL ASSISTANCE TO PROVINCES

Mr. WEIR (Macdonald):

1. Under the Unemployment and Farm Relief Act, 1931, and the Unemployment and Farm Relief Continuance Act, 1932, what amount of financial assistance by way of loans or otherwise has been granted or committed for to each of the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba, from February 26, 1932, to date?
2. On what dates were advances made?
3. For what purpose?
4. What amount has been advanced to the Saskatchewan relief commission?
5. What amount in each case is a loan?

CANADIAN NATIONAL RAILWAYS—G. G. PLAYFAIR

Mr. PRICE:

1. Is G. G. Playfair employed by the Canadian National Railways as an efficiency expert?
2. Is he employed at the present time in the maritime provinces?
3. How long has he been operating in the city of Moncton?

4. For what period in other railway centres in the maritime provinces?

5. How many employees has he dismissed, and who are they?

6. What salaries were paid those dismissed?

7. What is Mr. Playfair's salary, and what is his expense account in quarters at the Brunswick Hotel, Moncton, New Brunswick, and Halifax and Truro, Nova Scotia?

8. What departments are checked up by Mr. Playfair?

9. How many years has Mr. Playfair been employed by the Canadian National Railways, and where was he previously employed in an official capacity on other railways?

10. What are his qualifications for acting in the capacity of an efficiency expert?

11. What savings have been effected as result of his operations compared with the expense of his employment?

12. When is it expected his services in maritime provinces will terminate?

13. What is his expense account to date, since operating in the maritime provinces?

UNEMPLOYMENT AND FARM RELIEF—NORTH SYDNEY BREAKWATER

Mr. RALSTON:

1. Who were the persons supplying logs in connection with the extension of the North Sydney breakwater done under the Unemployment and Farm Relief Act of 1931?

2. What was the price and amount paid, and the quantity supplied by each of such persons?

3. What was the ordinary business and occupation of such persons?

4. Were tenders called for the supply of such logs, and if so, from whom were tenders received, and at what prices?

5. Were such tenders called for publicly, and if not, what method was adopted in giving possible suppliers an opportunity to bid?

MOTIONS FOR PAPERS

ORDERS IN COUNCIL—AID TO FARMERS

On the notice of motion:

Mr. POULIOT:

For a copy of all orders in council in connection with aid to farmers, since August 1, 1930.

Mr. SPEAKER: In the absence of the hon. member for Témiscouata this notice of motion will stand.

FINANCIAL STATISTICS

On the notice of motion:

Mr. HANSON (Skeena):

For a return showing:—

1. A copy of orders in council passed pursuant to section 3 of the Finance Act, being chapter 70, of the revised statutes of Canada, 1927, including and since 1914.

2. To what banks, what sums and on what dates, at what rate of interest and for how long the interest was paid on moneys advanced by the Dominion of Canada to the chartered banks of Canada.

3. What gold reserves are now held in the Dominion of Canada, showing: (a) gold held by the Dominion; (b) gold held by each chartered bank, covering the years 1910, 1914, 1920, 1921, 1922, 1929, 1930 and 1931, and as at March 31, 1932.

4. A similar statement showing: (a) the amount of Dominion notes issued; (b) the amount of bank notes issued; (c) the amount of current notes in issue; (d) the amount of bank deposits owed by the banks to their depositors; (e) the amount of investments in: (1) Dominion bonds; (2) provincial government bonds; (3) municipal bonds; (4) current loans; (5) bank buildings at cost.

5. The gross cost of operating the banking system of the Dominion of Canada in 1910, 1914, 1920, 1929 and 1931.

6. The total cost of salaries paid to executive officers of the Canadian banking system for the years 1910, 1914, 1920, 1929 and 1931.

7. The total amount of interest collected by the banks in 1910, 1914, 1920, 1921, 1929, 1930 and 1931.

Mr. RHODES: Mr. Speaker, before you put this motion, I may say it seeks in large part information which is not in the possession of the government. There is also the objection that, in certain respects, it is not limited in time. It is therefore unacceptable in its present form, but the hon. member for Skeena was good enough to confer with me with respect to the matter and a revised or amended resolution has been prepared which I believe is acceptable to the hon. gentleman and to the government. I would therefore move that the resolution be passed in this amended form.

Mr. SPEAKER: By consent, resolution No. 2 on the order paper will be deleted and the following substituted therefor:

Mr. HANSON (Skeena):

1. A copy of orders in council passed pursuant to section 3 of the Finance Act, being chapter 70, of the revised statutes of Canada, 1927, including and since 1914.

2. For the past five years what sums have been advanced under the Finance Act by the Dominion of Canada to each of the chartered banks of Canada; what amount of interest has been paid by each bank, and what has been the rate of interest.

3. What gold reserves are held in the Dominion of Canada—(a) by the dominion; (b) by the chartered banks.

Also the same data as at March 31st in the years 1910, 1914, 1920, 1921, 1922, 1929, 1930, 1931 and 1932.

4. A similar statement showing—(a) the amount of Dominion notes issued; (b) the amount of bank notes issued; (c) the amount of deposits in the chartered banks of Canada; (d) the amount of investments of the chartered banks in—

1. Dominion and provincial government securities.

2. Current loans.

Motion agreed to.

UNOPPOSED MOTIONS FOR PAPERS

EAST RIVER WHARF, SHEET HARBOUR, N.S.

Mr. RALSTON:

For a copy of all payrolls, bills, vouchers and other documents in respect of repairs to the government wharf at East River, Sheet Harbour, Halifax county, Nova Scotia, done in the fall of 1931, under William J. Chisholm as foreman.

SHEET HARBOUR, N.S., HARBOUR MASTER

Mr. RALSTON:

For a copy of all orders in council, letters, telegrams or other correspondence, reports, recommendations, documents or other papers relating to the dispensing with the service of Henry Hall as harbour master for the Port of Sheet Harbour, Halifax county, Nova Scotia, and relating to the qualifications, recommendations and appointment of a successor.

HOPETOWN, QUE., POST OFFICE

Mr. MARCIL:

For a copy of all correspondence between the patrons of the Hopetown, Quebec, post office, and the Post Office Department or any of its officials, complaining of the service at that office.

RADIO BROADCASTING

CONSTITUTION OF THE CANADIAN RADIO BROADCASTING COMMISSION

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to provide for the constitution of a commission to be known as The Canadian Radio Broadcasting Commission, for the purpose of acquiring, operating, regulating and controlling radio broadcasting in Canada.

He said: Some question has arisen as to whether or not a measure of this kind should be preceded by a resolution, in view of the fact that it does not contemplate the expenditure of money other than that which may be collected by licence fees under the legislation. But I believe the better opinion is that the measure to be founded on the recommendation of the committee should be preceded by a resolution and we are following that course. His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

PRIVILEGE—MR. LAWSON

On the orders of the day:

Mr. J. E. LAWSON (West York): I rise with respect to a matter affecting the privileges of the house. A member of the select special committee on appointments and administration and operation of the Civil Service Act this morning called to my attention an interview or reputed interview appearing in the Ottawa Journal of this date in which the Clerk of the House is alleged to have passed with reference to the report a remark that in so far as the report dealt with the staff of the House of Commons, it was a joke.

I think it is unnecessary for me to read the article in detail in view of the fact that the Clerk of the House quite voluntarily delivered to me shortly before three o'clock a letter, which, in justice to him, I think should be read to the house. The letter is as follows:

May 11, 1932.

Dear Mr. Lawson:

I see in this morning's "Journal" an interview in which I am made to say that the civil service committee report is a "joke." Needless to say, I never permitted anybody to publish such a statement. It would be highly improper for me, as Clerk of the House of Commons, to allow such an expression of opinion to appear in the newspapers in connection with recommendations submitted by members for the concurrence of the house. I am the members' humble servant and I always endeavour to be courteous and respectful in all my dealings with them.

Yours very truly,

Arthur Beauchesne,
Clerk of the House of Commons.

I think that letter is sufficient to meet the situation.

CIVIL SERVICE

REPORT OF SPECIAL COMMITTEE ON APPOINTMENTS, ADMINISTRATION AND OPERATION OF CIVIL SERVICE ACT

On the orders of the day:

Mr. J. L. BROWN (Lisgar): In view of the fact that this report has been referred to and will probably be before the house shortly, may I suggest that the Postmaster General (Mr. Sauvé) be in a position to inform us as to the number of post offices where the revenue is less than, and the number where it is in excess of the $3,000 mentioned in the report, so that we may have this information before us when the matter comes up.

INQUIRY FOR RETURN

On the orders of the day:

Hon. J. C. ELLIOTT (West Middlesex): I want to address a question to the Postmaster General (Mr. Sauvé) as to when I may expect a return for which an order was passed by the house April 25, and which was for copy of correspondence in connection with the post office vacancy at Ailsa Craig, Ontario.

Right Hon. R. B. BENNETT (Prime Minister): The Postmaster General is out of the house at the minute; I shall see that the matter is brought to his attention.

INTERIM SUPPLY BILL

Hon. E. N. RHODES (Minister of Finance): If certain members of the civil service are to receive their salary cheques on the fifteenth of this month and if certain of the public expenditures are to be met in due course during the month, it will be necessary that we have interim supply. I shall therefore ask for the unanimous consent of the house to grant one-twelfth in the case of the main estimates and one-sixth in the case of the Canadian National Steamships and Maritime Freight Rates Act. If I may have that consent, I move, Mr. Speaker, that you do now leave the chair for the house to resolve itself into committee of supply.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): So far as the official opposition is concerned, there is no objection whatever to the Minister of Finance having the supply for which he asks, on the usual understanding covering a partial vote in this way.

Mr. RHODES: It is distinctly understood that the usual reservations are made.

Mr. VENIOT: Before we go into supply—

Mr. RHODES: I can proceed only with unanimous consent, and it will have no reference to a subsequent motion for supply at a later period in the day.

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

Mr. RHODES moved:

Resolved, that a sum not exceeding $16,554,359.42, being one-twelfth of the amount of each of the several items to be voted as set forth in the main estimates for the fiscal year ending 31st March, 1933, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending the 31st March, 1933.

Motion agreed to.

Mr. RHODES moved:

Resolved, that a sum not exceeding $1,688,000, being one-sixth of the amount of each of the several items to be voted for Canadian National Steamships and Maritime Freight Rates Act, as set forth in the estimates for the fiscal year ending the 31st March, 1933, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending the 31st March, 1933.

Motion agreed to.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY BILL

Mr. RHODES moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

Mr. RHODES moved:

Resolved, that towards making good the supply granted to His Majesty on account, of certain expenses of the public service for the fiscal year ending 31st March, 1933, the sum of $18,242,359.42 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 82, for granting to His Majesty certain sums of money for the public service of the financial year ending March 31, 1933.

Motion agreed to and bill read the first and second times, considered in committee, read the third time and passed.

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

The house resumed from Monday, May 9, consideration in committee of Bill No. 72, respecting relief measures—Mr. Gordon—Mr. Smith (Cumberland) in the chair.

On section 3—Powers of governor in council.

Mr. HEENAN: In view of the difference of opinion that seems to exists between some of the ministers of the Ontario government and the Minister of Labour with respect to the trans-Canada highway, I should like to have some information so we may get the matter cleared up and let the people of new Ontario know what they may expect. Answering a question of mine on May 3 with regard to the trans-Canada highway the Minister of Labour said:

I understand that a portion of it has been declared by the province of Ontario, moneys have been expended and the work is proceeding to completion.

I think that was a very fair position to take. Answering my friend from Bow River (Mr. Garland) on May 9, the minister again indicated that so far as this government was concerned, they were prepared to go on with the trans-Canada highway. Is it still the intention of the government definitely to go on with this work through northern Ontario on a fifty-fifty basis with the province?

Mr. GORDON: The basis upon which the trans-Canada highway will be constructed must of necessity be the subject matter of an agreement between ourselves and the provinces. I am confident there will be incorporated in the agreement with Ontario a provision that the building of the trans-Canada highway will be shared equally with respect to expense. The agreement is not in being, and I have not had the full benefit of the views of the provincial government on it, this proposed legislation not having been passed; but it is the desire of this government to proceed with the trans-Canada highway just as expeditiously as the stress and strain of these times, so far as finances are concerned, will permit. I do not think I can say anything further.

Mr. HEENAN: I bring this matter up because of the difference of opinion between this government and the government of Ontario. The minister has given a fair answer, but not a very definite one. At any rate it is quite evident that the federal government is willing to consider the contribution of money to the province of Ontario—I am speaking only of that province because I am more familiar with it—if the provincial authorities desire to go on with the work. I have brought this matter up several times already this session, and I am getting a little closer to the view of the minister, although, as I say, he has not expressed it definitely yet. On May 7 there appeared in the Kenora Miner and News, the official organ of the Conservative party in that section of new Ontario, a speech made by the Ontario Minister of Lands and Forests before the Kenora town council, the Keewatin town council, the Sioux Lookout town council and some of the representatives from unorganized districts. Very specifically he states his regrets that he is unable to go on with that work because of the fact that after a conference with the Prime Minister of Canada the federal government has refused to or cannot contribute any money towards it. That is why I am anxious for some frankness in the matter. I think the minister will admit that if he is willing to consider a contribution towards it by the federal government he ought not to have the Minister of Lands and Forests of Ontario misrepresent the position of this government. That gentleman said:

> Last winter work had been arranged on the trans-Canada highway on a fifty-fifty basis with the Dominion government.

I am giving extracts from his speech, because it is very lengthy. He proceeded:

> . . . but had since been discontinued and the dominion was not contributing any more.

That is a specific statement. The report continues:

> Stating that he felt bad about it, Mr. Finlayson went on to say that he had hoped to finish the trans-Canada to Fort William to give the big loop or at least to join up connections with the Dryden area, but unfortunately this could not be completed at this time, although he hoped to keep camps working on the roads under the new scheme.

That is, anyone without a home may go there and work for board and lodging and five dollars a month. Further, he said:

> Last winter it cost approximately $100 per man per month to keep them working in the bush. Under the new scheme it would cost about $50 a month to keep them at work in the same camps during the summer.

Again:

> But they would not be able to go on with the work of the trans-Canada highway on the same scale.

I point out to the Minister of Labour what the Minister of Lands and Forests proposes to do for the unemployed in northern Ontario:

> It was felt that the municipal councils should get to work and say "What cuts can be made?" Town councils, school boards and all municipal bodies should get busy and cut down on expenditures, and cut down on taxation. There would be little or no road construction, and they must plan to take care of their own needy. They can't load it on the governments. It is suggested that they go to the people with steady salaries and ask them to give so much to a central municipal employment fund. If the people of the town will raise this money the provincial and dominion governments would each add a like amount for immediate relief. "If you will do something of that kind, we will join with you in meeting the situation," stated Mr. Finlayson.

This is a new policy, Mr. Chairman. This bill provides what might be termed direct relief, or the "dole." We have been told by the minister that he is prepared to consider requests by any province for contributions from the federal government to carry on certain works. While this bill is before us we have the Minister of Lands and Forests going up into northern Ontario and telling the municipalities that they must take care of their own needy people, that they must not load them on the governments. He used the plural form. That is a strange situation after the way that some of us got pummelled around the political platforms less than a couple of years ago. But that is not the point. We have here a bill to provide relief by the dominion in cooperation with the provinces, and then we have the minister of one of the provincial governments telling the municipalities they must take care of their own needy. He said, "If you will get those

men who have steady work to contribute to a fund to assist the needy, the federal and provincial governments will augment that fund also." That is why I think we really should have some definite announcement from the minister.

Again I want to offer a suggestion. As everyone knows, we have been constructing highways since 1921 through the portion of northern Ontario which I have the honour to represent. When the provincial government changed in 1923, however, politics began to be played with the highway. Work was closed down, and they promised to reopen it and do so and so provided certain candidates were elected. We have managed to get on fairly well because we have had quite a number of elections. The people in my part of the country welcome an election, because that is about the only time we can get any work done. The more elections the more roads, so I go to my people and say to them, "Well, are you not glad? There is an election on we will get some more roads built. Let us get this election over with so that we can soon have another and get more roads."

At any rate, we have completed the highway from the Manitoba boundary to Kenora and it is being officially opened on July 1. There we have about 127 miles of road connecting Kenora with the province of Manitoba. There is a distance of forty-five miles from Kenora east through to a great farming district, where the farmers are hemmed in without connection with the main road. If we could construct a highway over that forty-five mile stretch, from Kenora to Vermilion Bay, we would provide an outlet for that great farming district, and if we continued that highway another sixteen miles east of Dyment we would get to Ignace. This would connect up the whole of new Ontario, with the exception of Fort William and Port Arthur, with western Canada and also with the United States. Those sixteen miles of roadway could be constructed for about $35,000. I know something of that country; there is a little muskeg, but it is fairly level ground. The forty-five mile stretch from Kenora to Vermilion Bay would cost about $8,000 a mile, or a total of about $360,000. Would it not be better to spend that amount of about $395,000 in order to give that district connections with western Canada and with the United States, rather than to put men on direct relief? We are being asked to give the government the right to spend money at their discretion, and we have the minister standing in his place and saying that the government is willing to contribute towards the cost of the completion of that highway. On the other hand we have the provincial minister of lands and forests saying in Kenora that the municipality must be responsible for their needy, but that if those who have steady jobs will contribute to a fund for the unemployed, the provincial and federal governments will contribute to the same fund.

Under these circumstances I think the minister, for his own protection, should indicate to the house what he is prepared to do, rather than have the provincial minister of lands and forests misrepresent the attitude of this government throughout northern Ontario.

Mr. GORDON: I cannot subscribe to all the observations made by the hon. member for Kenora-Rainy River, who says that the idea that municipalities and private individuals should subscribe to a fund for the purpose of assisting those worthy people who are in need is a new policy. That is not correct. I know the hon. member would not make an incorrect statement knowingly, but in the city of Ottawa, for instance, there are organizations which subscribe money for this purpose, and the city also helps. In my own riding private individuals have done the same thing; in fact the workmen of one camp subscribe so much per month to augment the fund provided by the municipality, the province and the dominion in order to look after their fellow workmen who are in distress. This is no new policy; it is nothing new for the people who have something voluntarily to assist those who have nothing. I therefore have no complaint to make against the provincial minister of lands and forests when he urges voluntary subscriptions to augment the fund which is to care for the needy in any municipality; of course this is no new policy.

I do not know that I could make any observation with respect to the conduct of the business of the province of Ontario, either by way of commendation or criticism, but coming as I do from the eastern section of northern Ontario I must say that I have never heard of the things that have been described by the hon. member for Kenora-Rainy River. I do not say this because the province of Ontario happens to have a Conservative administration, because the same thing obtained, so far as my part of northern Ontario was concerned, when the farmer government was in power; the work proceeded. I know personally officials in the northern development branch and other branches of the public service, who were officials away back in the days of the Ross government. They have never been disturbed, and to-day they are just as stout

Liberals as they were then. I cannot let the observations of the hon. gentleman in that regard pass without taking exception to them.

Mr. HEENAN: What observations are you referring to now?

Mr. GORDON: The hon. gentleman said, if I heard him correctly, that no money was spent on roads unless there was an election, that the more elections there were the more money was spent. I may have misunderstood the hon. gentleman's words, but that has not been my experience. I hazard the opinion that no other representative of northern Ontario will make such sweeping statements in condemnation of the provincial government as have been made by the hon. member for Kenora-Rainy River. Of course I want to keep within the rules of debate in this house, but I am almost persuaded to use more forceful language in describing a statement of that character, because that situation certainly does not obtain in the part of northern Ontario which I know very well, and that includes the greater part of that area. I should be very much surprised indeed if it obtained in the hon. gentleman's riding.

With respect to the trans-Canada highway, the Minister of Lands and Forests, Mr. Finlayson, in his remarks as quoted in the journal to which the hon. gentleman has referred, stated—I gathered that this was the substance of it—that the work would not be discontinued but that the camps that are now built and re-equipped to take care of single men who otherwise would probably have nowhere to go, would be available to them and that they would be given food and clothing and some subsistence money and would be required to work. I do not think that policy should be condemned at a time like this. However, I do not want to continue the argument further than to say that this government has not yet entered into any agreement with the province of Ontario with respect to the work, for the very obvious reason that we have no authority; and while the subject has been discussed in an informal way with the representatives of that province, no agreement as to what can or cannot be done with regard to the highway has been entered into. I am just as anxious as any hon. member coming from that part of Canada to see that the gap between the eastern part of Ontario and the western part of Quebec on the one hand, and Manitoba on the other, is bridged by a highway, just so soon as it can be constructed. But again, representing as I do a very large riding in that part of northern Canada, I am not going to take the attitude of urging at a time like this that the road be built and that the province should contribute moneys which they, in their judgment, say they are unable at the present time to advance, sufficient to have the road built with any great expedition. In my view, the building of the road will continue, not, perhaps, as rapidly as the hon. member would like, but as rapidly as the conditions that confront us will allow. I do not think the hon. gentleman can ask me to go further than that, and I can assure him that so far as I am concerned every effort will be made to continue the work on some plan or another to be agreed upon which will ensure its continuance at the least possible expense and with as great a degree of expedition as possible under present conditions.

Mr. HEENAN: The last remarks of the minister were, I thought, rather favourable, but I notice that in the course of his address he had to stop a little while because he could not find words with which to express himself in relation to some of the things I have mentioned.

Mr. GORDON: I have not as great a facility of speech as the hon. gentleman.

Mr. HEENAN: Had I been in the chair I would have said to the minister, "Go to it," because I could not myself find words with which to condemn the practice of the provincial government in northern Ontario. I am glad that the Minister of Labour does not experience in his riding what I have been experiencing for the last twelve or fifteen years in my riding. However, we have lived through it.

I want to point out to the minister again that the government is contemplating spending money in northern Ontario in direct relief. Is it a fair statement that the government does intend to spend money in direct relief in northern Ontario? I have heard him say that over and over again.

Mr. GORDON: This government will not spend it directly, no; we have no contact with the municipalities. That is obvious. Undoubtedly, however, if a situation arises in northern Ontario necessitating the expenditure of money in direct relief, there is no doubt in my mind that a prompt submission will be made by the province to this government, and I am sure that this government will take the appropriate steps to relieve the situation.

Mr. HEENAN: Well, it is not a question of a situation that is going to arise; it has already arisen. They have laid off the men who have been working on these camps.

They have not been doing anything for two years and there is now an offer to re-hire them if they will undertake to work in the camps for board and lodging and five dollars a month. The provincial minister told them in Kenora that the banks would not lend the municipalities more money. I do not know where he got the authority for that statement, but that is what he said, and he suggests that those who are in steady employment should contribute to a fund to which the provincial and the federal governments would contribute a small sum to help it along.

Mr. GORDON: He did not say that that was a prerequisite to the provincial and dominion governments' subscribing—at any rate, not as reported in the press.

Mr. HEENAN: This newspaper, the Mines and News, would not misquote the Minister of Lands and Forests on a bet. This is what he said:

It was felt that municipal councils—

He did not say the council of Kenora.

—should get to work and say "What cuts can be made?" Town councils, school boards and all municipal bodies should get busy and cut down on expenditures, and cut down on taxation. There would be little or no road construction, and they must plan to take care of their own needy. They can't load it on the governments. It is suggested that they go to the people with steady salaries and ask them to give so much to a central municipal employment fund. If the people of the town will raise this money the provincial and dominion governments would each add a like amount for immediate relief. "If you will do something of that kind, we will join with you in meeting the situation," stated Mr. Finlayson.

He is speaking there not only for the provincial government but for the federal government as well. I would point out to the minister that that town is composed chiefly of workingmen—railroad men, pulp and paper men, sawmill men, and flourmill men. The railway men are doing very little, because since this government came into power they have restricted trade, both imports and exports, to such an extent that there is nothing doing on the railways, with the result that the railway men are out of work, and any of them who have steady jobs have been sharing their work with the younger men who are less fortunate. They have therefore very little to contribute to any fund. The Minister of Lands and Forests is solely responsible for the Act that the pulp and paper mill in the town of Kenora is closed down. The Ontario government have an agreement with Mr. E. W. Backus, his heirs and assigns, whereby they have obtained certain concessions from the province of Ontario. I know something about it because I helped to get it; and they got it under the condition that they would work the mill to full capacity ten months each year, employing one thousand men; otherwise the whole concern would revert to the crown. I am not unreasonable enough to say that we should force an industry to operate when it cannot sell its products, but that is the concern of the Ontario government, and if for some good reason the Ontario government released Mr. Backus from operating according to the agreement, then in all conscience the Ontario government is responsible for taking care of the thousand thus thrown out of work. But the way the Ontario government apparently intends to take care of them is by asking others who have steady jobs to contribute to a fund to which the Ontario government and the federal government will also contribute equally in order to keep these people happy and comfortable and prosperous up in northern Ontario.

Mr. GORDON: Will the hon. gentleman give me the date of the agreement with Mr. Backus?

Mr. HEENAN: I can give the hon. gentleman a copy of the agreement if he desires. There were two agreements, one dated September, 1920, and the other dated January, 1921, if I recollect aright—I will get the exact dates. These agreements provided for the operation of the plant for ten months in every year, during which time a thousand men were to be employed, and any evasion of the agreement rendered the whole contract null and void ipso facto. I repeat I am not unreasonable enough to suggest that there might not have been some good reason for the Ontario government releasing this concern from operating its plant, but I do say that when the Ontario government did that it should take care of the thousand men and see that they are employed in remunerative work.

Mr. GORDON: Are not the Backus interests in bankruptcy now?

Mr. HEENAN: That is not in the agreement at all.

Mr. GORDON: But is it not a fact?

Mr. HEENAN: They are in bankruptcy, but the receivers have to operate the plant according to agreement. That reminds me that the present Ontario government in 1923 told the people throughout the province that Backus had got millions of dollars' worth of materials for a song and that it was going to make him immensely wealthy. But today that gentleman, as the Minister of Labour has just said, is bankrupt; and instead of the Minister of Lands and Forests in the Ontario government insisting on the implementing of

the agreement with the province, he has practically released him from doing so. If the Ontario government had not released him from his contract, all the water powers and the whole concern would have reverted to the province. However, that is another question which I shall be glad to discuss at any time that is appropriate, because I am very proud of the agreement. My point is that the provincial minister is not insistent upon this agreement being carried out, and he now tells the people of Kenora that the road work is not going to continue and that the people there must look out for their own needy and not shift the burden on to the provincial or the federal government. He says that the proper thing for them to do is to organize a committee and ask men who are steadily employed to contribute to a fund, to which the Dominion and provincial governments—the Minister of Lands and Forests is not willing to allow the federal government to speak for itself—will contribute to assist the needy in that part of the country. When the present federal government appealed to the electors, one of the planks of its platform was that a highway would be built through northern Ontario at the hands of the federal government. The federal government have never attempted to do that. Instead they started out to contribute on a fifty-fifty basis with the province. It is a federal obligation since the last election that a highway be built through that part of the country, if only to carry out in a measure some of the election promises of the present party in power.

Further, if the federal government are going to contribute direct relief for unemployment, they should see to it that this piece of highway, totalling sixty-one miles and connecting up the town of Ignace and the farming district of Kenora and Dryden with western Ontario and Manitoba, is built. The sixty-one miles could be built at an expenditure of less than half a million dollars. It would be far better to spend that money in providing work and at the same time providing this country with an asset which will attract tourists, than to spend money on direct relief.

Mr. SANDERSON: On April 22, when the estimates of the Minister of Labour were before the committee, I asked for some information concerning the number of men who had been placed on the farms in the province of Ontario during the last year, and the minister promised to give me the information by counties. Again, on May 3 last, when the resolution which preceded this bill was up for discussion, I asked the minister for that information, and he then thought that he could get it in a day or two. That was a week ago. I now ask the minister if he has that information for me, and if he has not, when may I expect it?

Mr. GORDON: After the interrogations were made I consulted the officials who had this work in hand, and they explained to me that the divisions of the land settlement branch were not outlined having regard to counties or districts, but that there was one in Toronto, one in Sherbrooke, one in Winnipeg, one in Saskatoon, one in Edmonton, one in Calgary, one in Vancouver, and I am not just sure about the maritime provinces. The questions which were asked at that time were submitted to the officials of the department and to the representatives of the railways. I am told that it would be utterly impossible to segregate these placements by counties or districts, that it could be done by provinces only. I regret very much that the information is not available in the form in which my hon. friend desires it.

Mr. SANDERSON: I take it from the remarks of the minister that he admits it is absolutely impossible to give that information to me in the form in which I asked for it, and in which he said he would give it to me. I am not concerned only as to the province of Ontario, and I am not concerned at the moment only with the older part of Ontario. The minister stated on April 22 that 4,165 men had been put on the land in Ontario under the land policy of this government, and surely therefore he can tell me where they have gone. They have not disappeared. Is it impossible for the minister to tell me where those men have gone?

Mr. GORDON: It is not impossible to give the hon. member any information. We have an index of our placements, and when I say our placements I mean those who were induced to take up land on their own account without any help or gratuity from the government. We have their names in alphabetical order, and there is no reason in the world, so far as I can see, why the hon. member should not have access to that list, although it is peculiarly the business of these individuals themselves because they were under little or no obligation to this government. Probably they were prompted in a measure to take the course they did by whatever efforts the railways and we could put forth. Whether it is desirable to have laid on the table of the house the names of those who have gone there is exceedingly doubtful, but

I have no objection to showing the list of names to the hon. member or to any other hon. member desiring to see it.

Mr. SANDERSON: That is fairly, but not entirely satisfactory. I take it from the remarks of the minister that I can go to his department and his officials will permit me to make a list of those names.

Mr. GORDON: Yes.

Mr. SANDERSON: And where the men are located?

Mr. GORDON: If the information is availalbe, as I think it is.

Mr. SANDERSON: Would it not be possible for the minister's officials to compile the list and send it to me? I really do not want to go down to his department and spend three or four hours copying a list of names. Surely he has staff enough there to get that information tabulated and sent to me. This is a request which is entitled to consideration. I am persistent because three or four weeks ago the minister said that he had the information and he would give it to me. He did not do so. Again, a week ago yesterday, May 3, I made the same request and he at that time replied that he had not the information but expected to get or would have it and give it to me in a day or two. I do not want to go down to the department of the minister and do that work myself. I do not like to say to the minister that he is acting on a dog-in-the-manger policy; that he does not want to give me the information. It is information to which any hon. member is entitled. Surely if one of the responsible ministers of the government of the day says that he has a back-to-the-land policy and that he has put 4,165 men back on the land in Ontario, and then if he says that he does not know where they are; that he is afraid he cannot get the information, there is something sadly lacking in his policy. May I in all seriousness ask the minister: Will he give me whatever information he has in connection with placing these 4,165 men back on the land in Ontario? If it is not all the information I require or asked for in the first place, I shall not bother him any more. Surely he can get it or instruct his officials to compile it and give it to me.

Mr. GORDON: By counties?

Mr. SANDERSON: I think the minister said that he could not give it to me by counties. Is that correct?

Mr. GORDON: I cannot.

Mr. SANDERSON: Then I shall waive the point of counties, although for the life of me I cannot see why he is not able to do that. I do not want to hold up this debate, but this is simple information and it is surprising to me the minister has haggled the way he has over giving it to me.

Mr. GARLAND (Bow River): Does the minister say that he does not know where these people are going to go? That is the point.

Mr. GORDON: To what people does the hon. member refer?

Mr. GARLAND (Bow River): The people who have been placed under this land scheme that is being discussed.

Mr. GORDON: The hon. member is discussing placements of people on the land in the past. Where they are to go from there, I do not know.

Mr. GARLAND (Bow River): The experience of the past, I am afraid, tells us that, but I feel the question of the hon. member for South Perth is one that could be answered, because surely the minister or officials of his department must know precisely the present location of these people. While he may not be willing to go to the trouble of dividing the list by counties, I presume he can give the township or range or give the information by whatever method there is of determining the location in Ontario.

Mr. GORDON: Whatever information there is in the department along that line, I can have prepared for the hon. member, but I do not think he is entitled to the names of the parties; that is the private business of each individual. I trust, if, on a review of the information, the hon. member finds that what I have said with respect to the numbers of those who have been placed on farms is true, he will not be disappointed.

Mr. SANDERSON: I think we are on fairly common ground. The minister is not giving me all the information for which I asked in the first place, but when may I expect that which he says he will give me?

Mr. GORDON: I cannot tell to a day, but I presume within a week or sooner, if it can be prepared.

Mr. SANDERSON: The minister says that he cannot tell to a day, but it may be within a week. Perhaps next week we may be told

it will be furnished next month, and then parliament may have prorogued. Will he give me the information before the end of the session?

Mr. GORDON: Yes.

Mr. SANDERSON: I can accept in good faith the word of the minister that I shall get the information before the session ends?

Mr. GORDON: I presume the hon. member will accept my word only with reservations.

Mr. HEAPS: It appears from what the minister and the Prime Minister have said in the house that the policy of the government this year is to be what is commonly termed direct relief. Therefore the question of giving direct relief to the many thousands of people who unfortunately will be compelled to accept the same, is very important. In giving this relief to the individual, is the Department of Labour or the government laying down any policy, or is this entirely a question for the municipalities or the provinces to settle?

Mr. GORDON: I can only repeat what I said some weeks ago when the resolution upon which this legislation is founded was before the house. The policy that was agreed upon at the Dominion-provincial conference which was held in Ottawa on April 9, and which was in session something over a day, was this: it was agreed that the provinces and the municipalities could not longer afford to project works as had been the case during the past year and that this was also creating a heavy burden upon the dominion treasury. Every province was in agreement that the difference between direct relief on a subsistence basis and the cost of works was very large; I do not think I need go into that in detail. The provinces and the municipalities, of course, are the only ones that are in touch with local situations, and how the direct relief will be applied must of necessity remain in almost complete measure with the municipalities and provinces concerned. Whether or not there will be anyone in an advisory capacity representing the federal government, has not yet been determined for the very reason that the agreements themselves have not so far been drawn up, and of course the situation differs in the different provinces. While we are not consensus ad idem on all features of the situation, yet just as soon as this legislation passes, I hope agreements will be entered into, satisfactory to the provinces and to the federal government, with a view to ensuring that during this period of depression, which I hope will not last too long, we shall not have it said that people are starving and cold or have no home, no place to go. That is an unthinkable situation. To that end governmental forces in this dominion are going to direct their attention. I do not wish to be misunderstood, and ought to say that it is not the suggestion or the intention of this or, so far as I am aware, any other government to imperil the standards of living, wage scales or wage agreements in any shape or form. We must draw a distinct line between subsistent direct relief and wage rates and standards of living. I do not wish to suggest that we should hurry along with the bill, because I want to give all the information hon. members desire, but it is very desirable that this bill be passed, because the provinces are pressing. I can assure the committee that we are having a most difficult time, but can do nothing until the legislation goes through. I do not know what arrangements the other chamber may have made, but I believe there may be a short adjournment there, and it is very desirable that this legislation pass as soon as possible.

Mr. ELLIOTT: I should like to know if in the arrangements for unemployment relief in the coming year the government will follow the policy adopted last year of putting certain things which are really public works under the head of unemployment and farm relief?

Mr. GORDON: The question of projecting works on tripartite agreements, namely among municipalities, provinces and the dominion, or on bilateral agreements between the provinces and the dominion, was discussed at great length with provincial representatves. There was unanimity of opinion that works of that character should not be projected, unless in very exceptional circumstances, the reason being, as frankly admitted by provincial representatives and recognized by this government, that it is extremely difficult for those interested in such works to raise the necessary money. There may be, likely are, places in Canada where money may be readily raised, but in such localities there is very little unemployment. For that reason alone, therefore, the projection of such works is not desirable. I assure the hon. member the decision is not to carry on works as heretofore but to direct the main efforts of all concerned towards direct relief.

Mr. ELLIOTT: Evidently I did not make myself clear. I take it from his answer there are to be no works carried on by joint agreement of municipalities, provinces and the dominion.

Mr. GORDON: No new works.

Mr. ELLIOTT: I take it, further, that it is settled that no new works are to be carried on the cost of which will be borne partly by the provinces and partly by the dominion.

Mr. GORDON: I do not wish to be misunderstood. The camps to which reference has been made will provide work to which, through the agency of the provinces, this government will contribute. The works to which I have made reference however are those such as public buildings, and the like.

Mr. ELLIOTT: Those are the undertakings about which I have been speaking. I am referring to works such as those appearing at page 66 of the report of the Dominion Director of Unemployment Relief, namely harbour and river improvements. These are purely dominion public works, and last year payments were made for them out of dominion funds. The objection I made to the minister some time ago was that they constitute works which should go in the regular way through the Department of Public Works, and for which estimates should be placed before the house in the regular way. I asked the minister a couple of weeks ago if it was the intention during the coming year to depart from the practice followed last year, namely that unemployment relief works paid for by the dominion would not come under estimates for the Department of Public Works. What is the policy of the government for the coming year?

Mr. GORDON: I do not know that a policy has been set. I must say, however, I am in agreement with the hon. member that it is highly desirable that the public works estimates, in so far as it is humanly possible, should reflect the expenditures in that department. Why the work set out in the report of the director was done through the agency of the Department of Public Works, I am not well enough acquainted with that department to answer definitely. If my recollection serves me aright, when this matter was under discussion before the Minister of Public Works gave an answer. Occasion might arise where public works, for which provision was not made in the estimates, might be desirable in a locality in which unemployment existed, and where men could be employed on useful public works for purposes of subsistence. I cannot say, however, that such an occasion will arise, and so far as I am aware the government has not considered the matter.

Mr. ELLIOTT: I should like to point out to the minister his remarks on April 28 of this year, as they appear in Hansard. I shall read my question and the minister's answer on that occasion:

> Mr. Elliott: Perhaps I can make it simpler for the minister. He no doubt has before him the report of the director of unemployment relief. At page 66 he will see there are a number of items which are clearly public works. They appeared last year under the heading of unemployment and farm relief. Is it the intention to follow a similar policy this year, or has the minister reached the point where he is able to say what will be done?
>
> Mr. Gordon: I am sorry I cannot give any direct answer to the question, but certainly before the legislation comes down I shall be in a position to do so.

The legislation is now down, and apparently the minister has no more light on the subject than he had previously. On that occasion he agreed with me it was not desirable to follow the practice I have indicated. I think he certainly had decided at that time that before the legislation came down a decision must be arrived at. The house is entitled to know, now that the bill is before it, what is in the mind of the minister and of the government in regard to the manner of operating under this act during the coming year. He agreed with me before that it would be decided before the bill was brought down. He is quite frank now in saying it is not decided, and he does not know. Again I protest against the system adopted last year by which the Minister of Labour, who is charged with the administration of unemployment relief, puts in his report these items, then when the report comes into the house and somebody asks about an item the answer is given by the Minister of Public Works. I refer particularly to the Haileybury breakwater. The answer is given: I cannot tell where the demand came from or what are the needs for that particular work, because it came in under unemployment relief.

Mr. GORDON: That is in my riding.

Mr. ELLIOTT: That is not the only one I object to, but I pick that out as an example of the folly of pursuing a course of this kind. A large item is dealt with without this committee having an opportunity to pass upon it at all. Then when the matter comes up in the house and my hon. friend from Antigonish-Guysborough asks a question the Minister of Public Works says: I cannot tell

about that because it came in under unemployment relief and was in another department. That was the implication. Then when I asked the Minister of Labour for an explanation on the 28th of April, the Minister of Public Works gave an explanation as to how these items came in. It is quite apparent that they got into that list without having been passed upon in the ordinary way that public works should be dealt with. I hope the minister will be able to assure the house before the bill passes that this policy will not be followed during the coming year. I think he agrees with me that it is an unwise policy. I should like to have that assurance.

Mr. GORDON: I can only give the hon. member what my view is. I do not entirely disagree with him. I think it is highly desirable that in ordinary, normal times any proposed public work should be submitted in the way contemplated by the statutes and the rules of this house. If a work is carried on as an unemployment relief work, or in the way of providing work on a basis of direct relief and subsistence, it would be better to have it reported, when the report is made to parliament, as coming under this statute rather than coming under the Public Works department. When it is a purely public work—of course I speak subject to correction because I have not had the experience in the adminstration of governmental departments that other members of this committee have—while the money might be provided under this legislation, yet I assume that those in charge would likely be officers of the Public Works department. Whether that would give rise to any accounting difficulties I do not know, but my view is if the Dominion government initiate and carry out any work under the provisions of this legislation, then that work should be described in the report of the director of unemployment relief as coming under this statute and not under the Public Works department. I do not know that I can go further than that.

Mr. ELLIOTT: If that is the proper course, then the wrong course was adopted last year, because a work of that kind was done by the Public Works department, I am advised.

Mr. GORDON: I think so.

Mr. ELLIOTT: Perhaps my hon. friend can tell me why the matter has not received the consideration which he assured me two weeks ago it would receive before the bill was brought down. At that time he said:

> Certainly before the legislation comes down I shall be in a position to do so.

Is there any reason why he is not able to implement that promise?

[Mr. Elliott.]

Mr. GORDON: I can only answer the hon. member by saying that if any dominion public work is initiated under this legislation and carried out, then it will be so styled in any report; it will not appear as a public work as such, but as a work carried out under this legislation. I do not know that we are arguing a very important point, at least it does not strike me as being so important, because whether a useful desirable work is done through the agency of the Public Works department or is earmarked as being done under this legislation is not so important to my mind—I may be missing the point—it is merely a matter of financing. If done under this act I assume it would not be charged up in the current year's expenditures. But what substantial difference does it make, if the work is useful and desirable and in a locality where there are people who need employment? Are we not rather arguing on formalities and not striking at the root of things?

Mr. ELLIOTT: I am glad the minister puts it that way, because evidently he does not get the point which I have been trying to make. As one department of this government we have the Public Works department—a very efficient department. That department has the experienced staff and the equipment for carrying out in a reasonable expeditious way public works that may be deemed desirable. I submit that department is in a much better position to do those works than any other department of government. At any rate that is the department that did them last year, according to the statement made by the Minister of Public Works.

Mr. GORDON: That is correct so far as I know.

Mr. ELLIOTT: But here is where the difference arises. When you come to ask, why did you do this, the answer is: That was started under unemployment relief. No responsibility apparently is taken for initiating the work, no reason for its being undertaken can be given by the minister, because he does not know who asked for the work to be undertaken or whether it was desirable to undertake it; simply the work came in under the Public Works department. My hon. friend will readily see this division leaves the responsibility really nowhere. But he has not answered the question with which I am concerned. About two weeks ago when we were discussing this he gave me a promise, as I understood, that he would have a definite answer on this subject before the legislation came down. He

said certainly he would have an answer ready. I would like to know why we are not able to get that answer to-day.

Mr. NEILL: May I make a suggestion in order to end this matter and let us get on. If the hon. member will refer to page 2449 of Hansard he will find the following words:

Mr. Power: I do not see anywhere, in the authority which it is proposed to confer upon the governor in council, the right taken by the government to carry on with purely federal public works.

Mr. Bennett: It is not there.

Mr. Power: Am I to understand that that is done because it is not the policy of the government to carry on with purely federal public works other than those which have been voted in the estimates?

Mr. Bennett: That is right.

I think that settles the matter. I do not see why the minister should not be aware of that very definite statement by the Prime Minister which certainly answers the question asked by the hon. member for West Middlesex.

Mr. ELLIOTT: I should think the minister in charge of the department should know if that is the decision of the government. That is the point I should like to have explained.

Mr. GORDON: I can give no answer beyond what I have already said.

Mr. NICHOLSON: I want to ask just one question and then make a very brief statement in regard to conditions in that section of the country which I have the honour to represent, and in regard to which I have some knowledge.

The question relates to a statement previously made by the minister with regard to highway work. Will this department be prepared to meet any province half way, where the province may find that it can employ married men with families in highway work, giving them a remuneration equal to what they would receive under direct relief, in order to provide them with food and the actual necessities of life?

That is the question, and the statement I wish to make is based on what the minister said in regard to the advisability of getting this legislation through. I believe there is no part of Canada where the effects of prevailing conditions are felt more intensely than in that part of Canada along the transcontinental line in northern Ontario, where there are numerous small pulp mill and lumber towns which have been virtually abandoned. There are no municipal organizations; the people are without churches and in many cases without schools, and there are no individuals better off than the others. They are virtually in a state of pauperism. In a very considerable section of that country we arranged last year for voluntary relief committees to administer general relief, and we secured assistance in the usual way from the provincial government. That assistance ended, however, on the last day of April. It was administered on a mere subsistence basis. There are many large families in that district at the present time who are absolutely in want, simply because for weeks past we have been discussing this and other legislation with regard to the question of relief.

I want to read one or two paragraphs from letters I have received in the past two or three days with regard to the conditions prevailing. I have this letter from the chairman of one of the committees:

There are people in this district who are actually starving. I am receiving pathetic appeals on every mail from parents, stating that their children are actually in want and without food. . . . I got in touch with Mr. Morse early last week by telephone.

Mr. Morse is one of the members of the committee in one of the smaller localities.

I asked Mr. Morse to keep a close watch and advise me if any families were really starving. On Saturday Mr. Morse called me up and informed me that . . . one young girl had collapsed that day for want of nourishment and that others were on the verge of the same condition.

At the same time Mr. Morse also wrote me, because I asked these people to keep me informed as to conditions. Mr. Morse said:

I may say that I went to Toronto last week in an effort to get a small interim grant to keep these people going, but was informed by Mr. Ellis that they could do nothing until the legislation was through in Ottawa.

Mr. Morse continues:

The two Tremblay families are starving. . . . There are many young children and a tragedy may occur there at any time. Nothing is being done and . . . they cannot hold out very long.

I have received many such representations. The situation is extremely acute, and while we take weeks to discuss the details, the methods and all sorts of questions, constitutional and otherwise, these people are actually starving to death because they cannot obtain relief.

Mr. STITT (Selkirk): There is one matter I should like to bring to the attention of the minister. I have received a communication from the unemployed association of West Kildonan, which is a suburb of Winnipeg, and which is in my constituency. The secretary advises me that the standard of living has

been cut down, and that the rations provided are not adequate for the proper subsistence of the children. I understand also that the school teachers in that section have been supplying some milk in order to properly nourish the children.

What I want to ask the minister is this: In making relief arrangements with the provinces in the future is there to be any standard of living specified? With this tri partite agreement between the municipalities, the provinces and the dominion, if we insist on too large a contribution from the municipalities the standard of living may not be adequate for the preservation of the health of the unemployed, and this is rather a serious matter. I do not know just where the responsibility lies, but it seems the government might insist, if they are to pay part of the cost of relief, that at least a uniform standard be set up. I should like to ask the minister if this question has been contemplated in connection with any agreement which might be made with the provinces. The first question is this: Is there a standard of living that should be insisted upon, and in the second place, where does the responsibility rest?

There is one other matter that arises out of this situation. I have received a communication from the clerk of the municipality to the effect that 108 homes of unemployed people will be offered for tax sale this spring. It seems to me if we are to loan money to the municipalities for direct relief the unemployed ought to be protected to this extent: First, that the relief granted be sufficient, and second, that the unemployed should not lose their homes or their little market gardens because of their inability to pay taxes. I bring this matter to the attention of the minister through you, Mr. Chairman, and I would like to know if the government has any policy in this regard.

Mr. GORDON: It is obvious that the matters to which the hon. member has referred come directly under the jurisdiction of the municipalities on the one hand and of the provinces on the other. It is utterly impossible for this government, without having contact with these details—and I do not use the word in the sense that they are not important—to have anything to do with these matters. I cannot conceive that the province of Manitoba, with the funds available for direct relief, would supply relief on which people cannot subsist.

Mr. REID: I should like to ask a question of the minister in connection with the municipalities. On page 56 of the report of the director of unemployment relief there are schedules of work approved in connection with many municipalities in British Columbia. I should like to ask the minister whether the municipalities will be allowed to complete the public works, such as roads and so on, that have been approved under these schedules. Many of these agreements were not given approval until December or January of this year, and I should like to know if these municipalities will be allowed to carry out those programs of work which have been approved.

Mr. GORDON: This debate has gone on so long now that I assume hon. members have forgotten what was said when we began. I made it plain then, as will be seen in Hansard, what works would be proceeded with and what works would not. Under three headings a telegram was sent to each province, setting out the works that would be gone on with, or discontinued as the case might be. That was done by agreement with the provincial authorities, and I cannot add more to what I have already said on the matter.

Mr. REID: This is very serious and a definite statement should be forthcoming. I have to-day received a telegram from one of the municipalities, indicating the seriousness of the situation there. In that municipality there is still unexpended the sum of $43,000.

Mr. GORDON: Is that Burnaby?

Mr. REID: Yes. I had an interview with the minister's secretary and was informed that if these projects, to the extent of $43,000, had been contracted for and there might be a lawsuit if they were not gone on with, they would be proceeded with. But, I was told, if it were simply a matter of carrying on road work under the agreement, it would be stopped. I took the trouble to telegraph to that municipality, inquiring regarding this matter so that I might have definite information, and a few minutes ago I received a telegram to the effect that timber and other material for the necessary trench work had been contracted for and that the situation would be quite serious if the work were not gone on with. They have also contracted for the macadam for the road. For that reason I should like to have a definite statement regarding the project.

Mr. GORDON: I will try, from recollection, to state the terms of the telegram that was sent to British Columbia and all the other provinces. It covered three phases of the situation and was accepted by all the provinces of Canada as a correct reflection of the conclusion arrived at on April 9 at the conference to which I have already alluded.

Works that had been commenced, whereby loss would be occasioned if they were not completed, such as buildings, sewers and so forth, would be completed. Secondly, where undischarged contractual obligations existed—I used the term in its legal sense—that is to say, entire contracts, where the contractual obligation was apparent, it was obvious that the undertakings, no matter of what kind, would be completed. The message went on to say further that the provinces, the dominion contributing under arrangements to be made, would endeavour to take care of the situation in its entirety if possible by direct relief. Perhaps, in fact it is likely, I have not exactly quoted the telegram which was placed on Hansard when the resolution was introduced some weeks ago, but in substance I have given it correctly. If the situation in the municipality to which the hon. member refers is as he has stated it, the work will certainly have to be completed.

Mr. MACKENZIE KING: I noticed what the minister said about the desirability of the legislation being passed with as little delay as possible, and what the hon. member for Algoma said with respect to people suffering at the present time, and the inability to have their needs supplied until this federal legislation was passed. I think it is only proper in the circumstances to point out that the government must take the responsibility for leaving until the end of the session a measure that should have been brought in at the beginning. This is the most important legislation that has been before us, and it is rather unfortunate that it should have been left until the concluding weeks of the session before being introduced. I do not think the discussion has been unduly protracted, considering the importance of the legislation; certainly on this measure, it has not been.

The purpose I had in view before the minister spoke was not, however, to direct his attention to that phase of the question but rather—it may surprise him to learn this—to approve of one feature of the legislation and to make a suggestion in reference to it. This section provides for special relief works and undertakings in the national parks of Canada. I think that is a very desirable form of relief where relief has to be given. The government has property in the nature of great national parks, and if in these difficult times the unemployed could be put to work in those parks I can think of no particular form of relief which could be more acceptable to them and which at the same time would serve the interests of the government and of the country so well. Where there can be work rather than simply relief or doles, I am sure it is better for the recipient of such assistance, and also for the state, which has to foot the bill.

May I, in that connection, ask the minister whether, when the government is considering its program under this provision, it might not extend the conception of "national parks' to government properties in this capital city of Canada: in other words, whether some of the relief moneys might not be used by the Federal District Commission for the improving of some of the government properties in the Canadian capital. I know that already some steps have been taken in that direction. I am sorry the Minister of Public Works is not in the house, because I should have liked to express appreciation of what I know he has started to do in that respect. There is, for example, the property on Wellington street, part of which was burned down a fortnight or so ago. The part that remains constitutes a fire trap. It is government property, having been in the possession of the Dominion for some twenty years, and this would be a good time to take these properties down and make a park area there until later on, when something in the nature of additional public buildings may be warranted by the circumstances of the time.

What I have in mind is this. The walk which we have around Parliament hill, the walk that runs around the hill from Elgin street to Bank street, is, I believe, the result of work which was provided one year for the unemployed by the Mackenzie administration during the hard times from 1874 to 1878, and it has been of service to the country ever since. During the present hard times, where the unemployed are put to work with public money, if we can at the same time improve the appearance of the capital, particularly in so far as the government's own properties are concerned, the money will be well spent and will serve other purposes than merely providing unemployment relief.

In that connection may I say that if the government would continue to set an example to the city, the city might, with the aid of the Federal District Commission, clean up a good many of its properties. Some of them, as they stand at the present time, are eyesores in the capital; and this year, when everyone is making an effort to have the capital of the Dominion appear as presentable as possible, I should think that, whatever numbers of unemployed there are here who may be entitled to relief, might and would be glad to be put to work under the direction of the improvement commission, along with

the city, in accordance with some plan of improving government and civic properties. I believe the minister is sympathetic to the idea and I hope he will do what he can in furtherance of it.

Mr. VENIOT: I do not wish to delay the passage of the bill, but I desire to point out something that has been directed to my attention within the last two or three weeks. It is in relation to the housing act. Under that act the dominion granted $20,000,000 for housing purposes. The scheme was instituted, I believe, in 1920 or 1921, and money was loaned in the different provinces, the various governments becoming responsible. They loaned the money in the municipalities to working men and others who wished to build homes for themselves. The provincial governments collected so much a month by way of rental, made up in such a way as to pay in twenty years the interest and sinking fund. In these hard times I know of several cases of people who cannot pay that interest and sinking fund, having been out of work for quite a number of months. They are willing to try to pay the taxes to the municipality, but if the interest and sinking fund are not paid monthly the municipality has the right under the agreement to foreclose. What I would ask the minister is this: Under this section would it not be possible for some arrangement to be made with the government of each province that it would not press for the monthly payments of interest and sinking fund, which run from $25 to $30 and $35 just according to how the agreement is made up, for a period of at least one year, and then at the end of that period these people could begin to pay, and instead of the thing being completed in twenty years, it would take twenty-one years to complete. I would ask the minister to take a note of that and see if some relief in that way cannot be given.

Mr. GORDON: I will look into it.

Section agreed to.

Sections 4 to 6 inclusive agreed to.

On section 7—Orders and regulations laid before parliament.

Mr. GORDON: The right hon. leader of the opposition has suggested an amendment to this section which I think would probably be a proper and a helpful one, and I will have one of my colleagues move accordingly.

Mr. RYCKMAN: I move, Mr. Chairman, that section 7 be amended by striking out the words "within the first fifteen days of the next ensuing session" in lines 40 and 41 at the end of the section and substituting therefor the following: "said orders in council or regulations or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the Canada Gazette."

Amendment agreed to.

Section, as amended, agreed to.

On section 8—Report to parliament.

Mr. GORDON: There is an amendment to move to this section.

Mr. RYCKMAN: I move that section 8 be amended by striking out the words "then within the first fifteen days of the next ensuing session" in lines 44 and 45, and substituting therefor the following: "shall be published and made available for distribution by the Department of Labour."

Amendment agreed to.

Section, as amended, agreed to.

Section 9 agreed to.

Bill reported.

On motion of Mr. Guthrie the house adjourned at 5.55 p.m.

Thursday, May 12, 1932.

The house met at three o'clock.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 83, for the relief of Romeo Xavier Vandette.—Mr. Bell (St. Antoine).

Bill No. 84, for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.—Mr. Garland (Carleton).

Bill No. 85, for the relief of Ida Judith Clark Freudberg.—Mr. Bell (St. Antoine).

Bill No. 86, for the relief of Elizabeth Ann Routledge Gunther.—Mr. Lawson.

Bill No. 87, for the relief of Chesley Hastings Potter—Mr. Bell (St. Antoine).

Bill No. 88, for the relief of Theo Alice MacFarlane Lamb.—Mr. Bell (St. Antoine).

Bill No. 89, for the relief of Chia Hannah Shiff.—Mr. Heaps.

Bill No. 90, for the relief of Margaret Spencer Heald.—Mr. Bell (St. Antoine).

CIVIL SERVICE

REPORT OF SPECIAL COMMITTEE ON APPOINTMENTS, ADMINISTRATION AND OPERATION OF CIVIL SERVICE ACT

Mr. J. EARL LAWSON (West York): Mr. Speaker, on rising to move concurrence of the house in the report of the select special committee on civil service matters, I desire at the very outset to express my personal gratitude to the members of the committee for the effort which each of them made to present every aspect of the situation without evidence of partisanship. In the deliberations of the committee subsequent to its open sittings they demonstrated a very high sense of public duty.

Although the report presented to the house is unanimous, it is not to be expected that men from different vocations in life who have been subject to different environment should reach those conclusions by the same processes of reasoning, and hence I wish to make it clear that in what I have to say in moving concurrence of the report I am expressing my own views which led me to those conclusions.

Civil service legislation was first introduced in Canada in 1868. That legislation set up a civil service board consisting of fourteen deputy heads of departments, five of whom should be a quorum to exercise all the functions of the board. A chairman and a secretary were to be chosen annually from among the fourteen. The duties of the board were, inter alia:

(a) To examine candidates; (b) keep a record of the candidates for examination; (c) grant certificates of qualification to candidates whose fitness and capacity, and whose testimonials as to moral character have been found satisfactory; (d) to investigate and report upon claims for promotion; and (e) to perform such duties as the governor in council thought fit; and to investigate such matters as might be referred to them connected with the administration of the civil service as to promotion, appointment, salary or the efficiency and welfare of the service; and to summon and examine witnesses and to call for persons and obtain papers.

From the résumé of the legislation it is apparent that the board had to some extent the functions of both our present civil service commission and a parliamentary committee. Some amendments to that legislation were made in 1872. In 1882 the two previous enactments were repealed and the Canada Civil Service Act of that year was enacted. This legislation provided for a board of examiners of three members—

—who from time to time shall be appointed by the governor in council, to examine all candidates for admission to the civil service of Canada, and to give certificates of qualification to such persons as are found qualified according to such regulations as shall be framed for the guidance of the board.

There were two examinations prescribed: (a) a preliminary examination to decide if the applicant could read, write and add; (b) a qualifying examination to decide his fitness to fulfil any position for which he might be a candidate. The board had first to satisfy itself as to the man's age, health and character. The examinations were open to all and might be held in either language. By chapter 46 of the statutes of 1885 a consolidation of the acts of 1882, 1883 and 1884 was made, and the board of examiners was placed under the supervision of the Secretary of State. Provision was made for a secretary and a clerk to assist the board.

No change of any moment was made in the legislation I have just outlined until the Civil Service Amendment Act of 1908, which for the first time provided for a civil service commission consisting of two members appointed by the governor in council. Each commissioner was to hold office during good behaviour and could be removed by the Governor General on address of the Senate and House of Commons. The then existing civil service examiners were to continue during pleasure, but under direction of the commission.

It will be observed that up to this legislation of 1908 we had in Canada in respect of civil service matters a merit system, namely, a system by which only those holding the certificate of qualification from the examiner could be appointed to a position in the civil service. By this act of 1908 there was introduced what is now commonly called the merit system, but which in reality is something more; that is, this act with its amendments established a competitive merit system, whereby the person ranking highest in qualifications shall at all times be appointed to the vacancy which is to be filled. By this act appointment was to be made as a result of competitive examinations, and promotion was to be made for merit by the governor in council upon the recommendation of the department, based upon the report in writing of the deputy head, accompanied by a certificate of qualification by the commission, to be given with or without examination as determined by the regulations of the commission.

By the amending act of 1918 the commission was to consist of not more than three members, and the tenure of office of future commissioners was to be for ten years during good behaviour. It also provided for the

retirement of a commissioner at the age of sixty-five. That act, subject to some minor amendments, is the Civil Service Act of today which is found in the revised statutes of 1927, and in respect of which a reference was made to your committee.

It might be well at this time to outline the nature of the organization of the Civil Service Commission. It can be divided into four main classifications, namely the examination branch, the organization branch, the assignment branch and the administration branch, and the last branch in turn may be subdivided into three, namely the secretarial, the personal services and the central register. Under the control of the Civil Service Commission there are approximately 35,000 civil servants. There are in Canada a total of 45,581 civil servants, as of March, 1931. Briefly, these are divided as follows: Permanent employees at Ottawa, 8,009; permanent employees outside Ottawa, 24,706, or a total number of permanent em-employees of 32,715. There are in Ottawa temporary employees numbering 3,757, and outside of Ottawa 9,109, or a total of 12,866 temporary employees. If you add together those two subtotals you get a grand total of 45,581 employees for the month of March, 1931, who that month received in salaries the sum of $5,905,303.97. In those figures there are not included the non-enumerated classes of employees, rural postmasters, casual labour, fee office positions and so on, who received in March, 1931, in compensation for their services, a further sum of $1,990,287.51, making a total payment by this government for the civil service, for the month of March, 1931, of $7,895,591.48.

For the purpose of determining who shall be appointed to the civil service of Canada there is prescribed an examination system, and in their nature these examinations are threefold. They may be written, they may be oral, they may be a rating for education and experience, or any combination of any two or three of the methods I have outlined. Oral examinations are held throughout Canada by a local representative of the Civil Service Commission, in conjunction with one or more representatives of the department, and now usually a representative of the Canadian Legion. Rating boards consist of a representative of the commission and one representative or more of the department. According to the theory of the examination system, these rating boards should always have upon them a representative of the commission, and it must be borne in mind that these boards make their ratings on a man's education and experience from an application form which has been submitted by him, in respect of which there has been little if any check as to the accuracy of the statements therein contained, and these ratings are made without the boards seeing the candidates who are applying for the positions in question.

I said the theory was that there should be on each rating board a representative of the commission, but from the data and material filed with the committee it appeared, in selecting at random some of the rating boards for different years, that on many such boards there was no representative of the commission. For example, in the Department of Agriculture in 1925 there were fifty-five competitions, but there were representatives of the commission on only twenty-six of those boards, while in connection with the fifty-five competitions there were eighty-one departmental representatives on the boards. In the Department of External Affairs during the years 1925, 1926, 1928 and 1930 there were four competitions. On only one of those boards was there a representative of the commission, while on the four boards there were six representatives of the department. In the Insurance department, in the years from 1925 to 1931, there were seven boards, on not one of which was there any examiner other than those appointed to represent the department.

Then there is brought into this examination system what are known as weights. It will be apparent that where the appointment to a position is determined by a percentage based on the combination of an oral examination and the rating given by a rating board, if a man is rated sufficiently high by the board and that rating is given sufficient weight as against the oral examination, while he may have qualified highest in the oral examination he may not get the position as a result of the recommendation of this rating board. For example, in the case of one appointment, of which we had the details before the committee, an appointment was to be made to a position by an oral examination and by a rating for education and experience. The weight given to the oral examination was only three, while the weight given to this rating for education and experience was seven.

May I point out to the house the effect of that weighting. As an illustration let me assume that candidate A is given 80 marks on his oral examination. If you multiply that by the weight of three you get a total of 240. Then let me assume that the rating board gives him a mark of only 60, and bear in mind that this rating board acts upon the application only, with no personal knowledge or observation of the man. If you multiply that mark by the weight of seven you get 420, and adding the two totals together gives

a grand total of 660. Dividing that by 10 gives candidate A an average of 66 per cent.

Then take candidate B. On the oral examination he receives only 60 marks as against the man who received 80. You multiply that 60 by three and you get a total of 180. We will say that on the rating board he is given a rating of 80; multiply that by seven and you get a total of 560. If you add the 560 to the 180 you get a total of 740. In other words, he receives 74 per cent, but in the result the man who receives the highest mark on the oral examination is by no means declared the successful candidate, because by the operation of this weighting system, he may have a rating for education and experience which will not give him the highest percentage of qualification.

Time is not sufficient to permit me to outline to the house an instance which occurs in the evidence and which illustrates clearly the point I want to make. A man gets a temporary appointment in a department on the recommendation of a departmental official: consider the fact that two of these departmental officials sit on the rating board as against one representative of the Civil Service Commission, together with the fact that a much higher weight may be given to the mark fixed by the rating board than the mark given by the oral examiners and you at once appreciate the opportunities there are in this system for what I will call, for want of a better word, abuses of the competitive merit system. In the case of written examinations there is little room for abuses. Before leaving the matter I wish to point out to the house the opportunities there are for creating those conditions of which we members of this House of Commons so frequently receive complaint. It is not possible for me, in the short time at my disposal, to deal with all the clauses of the committee's report; therefore I will confine the remainder of my remarks to three or four which, in my opinion, recommend the most marked changes in the present statute or regulations. But just in passing may I refer to one clause of the report which recommends an amendment, because on re-reading it, it occurred to me that it might not express with sufficient clearness the recommendation of the committee. Clause 9 of the report states:

> Your committee recommends that section 60 of the Civil Service Act, as enacted by chapter 38 of the statutes 19-20 George V, be repealed.

The intention of the committee was that the amendment which made possible the putting into the service of the private secretaries of ministers at a minimum salary of $3,120 per annum, should be repealed, but we do not suggest the repeal of that section as it stood prior to the 1929 amendment. The effect of the amendment which the committee recommend will be that in future private secretaries of ministers will not be entitled to preference in appointments to the service, and can obtain admission thereto only through the usual channel of competitive examination.

I should like to refer to clause 18 of the report, in which your committee recommend that the secretary of the Civil Service Commission be called upon to perform only those duties which are peculiarly those of the secretary. The present secretary of the Civil Service Commission is one of the oldest employees in the civil service, in point of years of service, and during the years that he has been in his present position a practice has grown up of loading upon the secretary an enormous number of duties which are in no way related to the position. For example, all correspondence passes through his hands. Your committee can understand that it would be necessary for incoming correspondence to pass through the secretary's hands, but for the life of us we are unable to see why a query with respect to marks which some candidate made on examination should not be referred to the examination branch and replied to direct by the chief examiner. Again, recommendations of the organization branch with respect to matters of reorganization in departments or with respect to classification pass through the secretary's hands, apparently for his approval or disapproval—matters which surely are entirely within the judgment of the Civil Service Commission. Therefore, in order to relieve this very worthy official of onerous duties which it is unnecessary for him to perform, we recommend to the commission the consideration of the change as suggested in the report.

Clause 20 of the report recommends that there be added to the committees of this house a select special committee on civil service matters. Time was not available to the members of your committee to introduce in evidence before the committee many files which some of us had read and from which it would appear that there were departmental abuses of the competitive merit system, as well as any which may have occurred in the administration of the civil service.

Temporary appointments are obtained on the requisition of a department in cases where, in my opinion, there was not in the beginning a bona fide intention that the employment should be temporary. By requisitions of departments and by statements made accompanying each of these requisitions, the Civil

Service Commission has been induced from time to time to extend and extend temporary certificates. At the moment I have in mind a case in one department where a young lady had been occupying the position of clerk, grade 3, for upwards of a year. Finally, when the commission insisted that there must be an open competition, the department said, "Very well, hold it." They held a competition, but the young lady who had been in that temporary position ranked second. So then, after much correspondence and delay, the department had this position reclassified and the young lady who had originally held one classified position for upwards of a year was immediately re-appointed temporarily to the new classification, though really doing the same work in the same department for the same pay and under exactly the same conditions.

Your committee did not have time to deal with many of these phases of the matter, but we believe that if there were each year a select special committee of this house sitting in review upon matters such as I have outlined, we should then have taken a great step in curtailing any abuses which may exist in the present competitive merit system.

I come next to clause 25, in which your committee recommend that the orders in council therein specified be amended so as to exempt from the operation of the Civil Service Act the appointment of postmasters in revenue post offices where the revenue does not exceed $3,000 per annum. I know of no better way in which I can illustrate to this house things which have occurred with respect to the appointment of postmasters than to cite three of the many illustrations which hon. members may find in this evidence, if they care to peruse it. In 1926, for example, there was a vacancy for a postmaster at St. Arsene in the constituency of Témiscouata, province of Quebec. Under the system then in existence—it has since been changed slightly—the district superintendent or inspector of the Post Office Department was temporarily absorbed as an official of the Civil Service Commission. This poor, unfortunate man who may be totally unfamiliar with any particular locality or the residents thereof is called upon to go out and interview a number of persons who may be applicants for a position, then to come back and make a recommendation not to the Civil Service Commission, bear in mind, although he is their official, but to the Post Office Department, as to how he rates those individuals in order of merit, from a post office standpoint.

Recently the system has been slightly changed. In the old days he used to say, "I rate them as follows: John Jones, Bill Smith and William Brown." Now they have imposed upon the poor man a much more onerous duty in which he must rate them by marks. He is called upon to go out and interview six, eight or ten men he has never seen before; he may have to conduct his interviews in the space of two hours, and must give marks. Hon. members may observe that the marks are 90, 87, 85, 83 and so on all down the line.

The inspector had to make a report with respect to the appointment of St. Arsene, and he did so. When he made his report he recommended as first in order of merit Mrs. Roy, the widow of the former postmaster, secondly Mr. Laforest and thirdly Mr. Rioux. He also pointed out that in the case of Mr. Laforest's appointment there would be a decrease in the cost of postal service to the government of $91.42 per annum, but that in the event of Mr. Rioux' appointment there would be an increase in the cost amounting to $60.95 per annum, a difference of approximately $150. The post office inspector further reported that the location offered by the second man in order of merit, Mr. Laforest, was a more central and a better location than that offered by Mr. Rioux. Mrs. Roy—or probably the better French pronunciation would be "Roi"—was disqualified for good and sufficient reasons, as appeared from the evidence. However instead of Mr. Laforest, who was rated second in order of merit, getting the appointment, the appointment of Rioux was made by Commissioners Tremblay and MacTavish by a majority decision from which the chairman of the commission dissented.

I think it might be well if I read to the house the decision of the chairman of the commission in dealing with that particular case. He said:

> As Laforest has been placed second in order of merit and his site reported more central than Rioux,' the former costing the department less at present and the latter costing more, his education and experience being, to say the least, equally good with Rioux, I am in favour of Laforest's appointment.

Naturally your committee sought if possible to find a reason for this appointment. I do not know whether or not we have succeeded, but from a letter on the file I found that the then Postmaster General, long before the Civil Service Commission had received the report of the post office inspector upon which their judgment should be based, in writing to the Civil Service Commission said:

> As the other two applicants appear to have equal ratings, may I suggest that E. Rioux would seem to meet the wishes of the people there, according to recommendations received.

Then we find on the file another letter written by a reverend gentleman apparently to the Postmaster General, but finding its way to the files of the Civil Service Commission. In it is the following paragraph:

With my excellent friend, Mr. Jean Francois Pouliot, member of parliament for this county, I have recommended to yourself and to Mr. J. Emile Tremblay, a member of the Civil Service Commission, the immediate nomination of Mr. Ed. Rioux as acting postmaster.

In endeavouring to justify his judgment in that case before your committee Commissioner MacTavish told us he favoured the appointment of the second man over the first in order of merit because of the age of Mr. Laforest. However if hon. members would turn to the file of the Civil Service Commission with respect to the appointment of a postmaster at Belwood they would find that in that case Commissioners MacTavish and Tremblay appointed a man 71 years of age, although Laforest's age was only 60 years.

I must hasten on, and shall not take time to deal with the details of those appointments. Commissioner MacTavish attempted to justify that appointment on the ground that there had been a petition on the file in favour of Mr. White at Belwood signed by patrons of the post office. On examination of that petition we found it was signed by 19 persons. Then if hon. members would turn in the evidence to a record of the appointment of a postmaster at East Broughton Station they would find that Commissioners MacTavish and Tremblay recommended in that case the appointment of a man, whereas the other one whom Dr. Roche favoured had a petition filed in his favour signed by 500 patrons of that particular post office.

In view of comments which have been made with respect to this recommendation I think it would be well for me to read the dissenting judgment of the gentleman who was chairman of the commission. He says:

It does not require varied experience for the postmastership of East Broughton Station.

The reference there was to the fact that the man Dr. Roche favoured had had three years' experience. He continues:

Post office experience has always been emphasized by the department as entitling an applicant to preferential consideration. This is one of a number of instances where the order of merit appears difficult to explain except by the fact that the M.P. for the constituency has recommended the applicant who has been placed first. Mr. Vachon who has been assistant postmaster of this office for the last three years and who apparently is "persona grata" with the patrons of the office as evidenced by the petition of 500 in his favour, is in my opinion, entitled to the position.

If hon. members would like further illustrations the record of evidence filed with the committee's report is replete with them.

The next thing I should like to call to the attention of the house in connection with the appointment of postmasters is the recommendation of officials of the Post Office Department to your committee. We had the advantage of having before us Mr. Coolican, Assistant Deputy Postmaster General, and E. J. Underwood, superintendent of post offices for Canada. I cannot take time to read to the house in detail excerpts from the evidence, but if I may paraphrase and at the same time attempt to make a synopsis of it, it is as follows:

Revenue postmasters are not properly described as civil servants. A revenue postmaster has no superannuation, and does not necessarily do the work for which he is paid. He gets an assistant to do it, and he is not paid from parliamentary appropriations. I do not think it was ever intended that revenue postmasters should be under the civil service. . . . The above principle was recognized by past civil service commissions in that they recommended that revenue postmasters in offices with a revenue of less than $400 be exempt. . . . I say the postmaster up to that point ($3,000 or $3,500) should be removed from the Civil Service Commission. In the matter of appointments they are civil servants, in all other respects they are not. It is impracticable to appoint all these postmasters by present methods.

I still read from the views of those officials:

It is not economical to appoint revenue postmasters under the present system and it involves a large expenditure of money.

Then there came before your committee representatives of the Canadian Postmasters' Association of Canada.

Mr. DEPUTY SPEAKER: The hon. gentleman's time has expired.

Some hon. MEMBERS: Go on.

Mr. DEPUTY SPEAKER: The hon. member may continue by consent.

Mr. POULIOT: We have no objection to his continuing.

Mr. DEPUTY SPEAKER: By unanimous consent.

Mr. LAWSON: If I may have the unanimous consent of the house, I shall endeavour to be very brief, because I have only one or two other matters to which I desire to refer. The representatives of the Canadian Postmasters' Association came before your committee. Of course, let me make it quite clear that they were not asking that revenue postmasters be taken, so far as appointment is

concerned, from under the jurisdiction of the Civil Service Commission, but they pointed out to us that their status had been ill defined; that their position was an anomalous one, and in an attempt to rectify it, they asked us to make them full-fledged civil servants where they were appointees to revenue offices in excess of $3,000. For the reasons I have above outlined, your committee recommended that the appointment of postmasters to revenue offices, having a revenue of less than $3,000, be made by the Postmaster General. Some will say that this is a return to patronage. I say: Better far a return to patronage, if that be patronage, than a continuation of rank hyprocrisy in respect to the way in which these postmasters have been appointed. One section of the press says that if this house approves this clause of the report, it will mean entering the thin edge of the wedge which will ultimately open wide the flood-gates for the tide of political patronage. I say that in my opinion if you adopt this clause of the report, you are plucking from the thigh of the merit system an infected thorn, which infection has already to some extent undermined public confidence in this country and which ultimately, if not removed, will destroy the merit system.

I should like to quote just for a moment from a book written by Robert Moses who, I think, is recognized as an authority on the British civil service. In 1914 he published a book entitled the history of the civil service of Great Britain. I read just one short paragraph because I think it is most applicable to the subject under discussion:

> No one in England dreams of reverting to patronage now. Competition is the general rule; but time has shown that open competition is not feasible in some departments, for example, for lower situations where merely physical qualifications are necessary or for higher positions where proved technical skill or business experience are requisites.

In that statement I heartily concur.

Mr. MARCIL: Why was not the same principle recommended in connection with the outside service in the various other departments as was recommended in the case of the Post Office Department? Why did the committee not bring up that phase of the question? Why should the employees in the other outside service not be treated in the same way as those in the Post Office Department?

Mr. LAWSON: I am prepared to answer that question. I thought I had taken some pains to point out, briefly, it is true, that postmasters were in no sense civil servants, nor have they had any of the benefits of the Civil Service Act or the Superannuation Act and so on. Postmasters have never been considered as civil servants. Had this committee brought in a recommendation in favour of the exemption of lower positions that require merely physical exertion, I am sure all hon. members can well imagine the protests there would have been to high heaven about the introduction of the evils of the patronage system.

Mr. RALSTON: The hon. gentleman has stated that rural postmasters in offices with a revenue under $3,000 have not had the benefits of the Civil Service Act. Have they not had the benefits of the section 29 of the act providing that returned soldiers shall have preference in connection with those appointments?

Mr. LAWSON: Rural postmasters have had no benefits whatever under the Civil Service Act except the doubtful benefit of appointment by the commission. It is true that section 29 of the Civil Service Act provides a preference for returned soldiers, but if the hon. member for Shelburne-Yarmouth (Mr. Ralston) will read the order in council passed in 1922, P.C. 1053, and the amending order in council passed in 1929, P.C. 1751, he will find that they make provision for the preservation of the returned soldier preference, and the change in these orders in council as recommended by the committee would in no way interfere with the returned soldier preference.

With the permission of the house I should like for a few moments to deal with section 26 of the report wherein your committee recommended the retirement of the present commission. The Hon. Doctor Roche, chairman of the commission, is an honourable gentleman who has long served the public of this country as their representative in the House of Commons. Subsequently thereto he has given, so far as your committee have been able to observe, faithful, efficient and diligent service for fifteen years as a civil service commissioner of Canada. He has brought to that position a high sense of responsibility; but whether we like it or not, increasing years are bound to bring about a degree of physical disability which gradually saps one of that dynamic force and mental alertness which are necessary to guide the destiny of this great machine of civil service which has something over 45,000 employees. Because of the age which that honourable gentleman has reached, because of the fact that the statute now provides that all appointees to the commission, other than himself because his appointment preceded the

statute, be retired at the age of sixty-five years, your committee made a recommendation for his retirement. Coupled with that is a recommendation that there should be given to him as an expression of appreciation of the service he has rendered to this country an honorarium or gratuity.

With respect to the other two commissioners, the three instances I have brought to the attention of this house I think will justify this house in coming to the conclusion that neither of those two gentlemen possesses the qualities of judicial determination which are necessary for the high office of a civil service commissioner. Suffice it to say that because of the evidence adduced before us, because of opportunity we had of observing the character and demeanour of these two gentlemen, we deemed it advisable in the interests of the reorganization of this commission that they too should be retired. One of these gentlemen, Commissioner Tremblay, served faithfully and well for a number of years in the civil service of Canada prior to his appointment as commissioner. Both may be able, probably are able, in some other field of activity, and both have family responsibilities. In view of the facts that I have just outlined we recommend that with their dismissal there be paid to each of these gentlemen a gratuity.

It was not to be hoped, even though the report of the committee was unanimous, that it might meet with the unanimous approval of this house. We have endeavoured as a committee conscientiously to perform the duty and task which the house assigned to us and in the hope that our recommendations may meet with the approval of a substantial majority in this house I move, seconded by the hon. member for Victoria (Mr. Plunkett), that the second report of the special committee on the civil service and the Civil Service Act be concurred in.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I have but few remarks to make in connection with this report, but I feel that I owe it to myself and to my adherence to the Civil Service Act for many years to make them.

Taken as a whole it is my belief that this report has not strengthened the Civil Service Act nor has it added support to the merit principle, but on the contrary has in a large measure weakened both. It has not, for example, recommended the inclusion under the operation of the act of those branches of departments that are now excluded, such as the income tax branch, customs appraisers, and so on, and to that extent it is in my opinion a weak report.

Many of the recommendations are worthy ones, but most of them deal with mere technical or routine procedure. The principal changes recommended are, of course, the retirement of the civil service commissioners and the adjustments with regard to postmasters. With respect to the first I have nothing but the strongest approval of the recommendation of the committee. I have long felt from information at my disposal that action of this kind should have been taken, and I am in hearty agreement with the recommendation in that respect. I do wish, however, that the report had embodied the recommendation to replace the three-men commission with a one-man commission. I seriously believe that in the operation of an act of this character, if one has a good, strong capable man who retains public confidence, it is more likely that the act will be administered with the least possible friction and the least danger of encroachment.

In the matter of the postmasters, however, I find myself in serious disagreement with the recommendation of the committee in the main. The chairman (Mr. Lawson), who has just concluded an eloquent and excellent speech based on his report, offered as an explanation for the action of the committee several reasons. He cited three cases of appointments to post office positions which were of a questionable character. With his criticism of the method of those appointments I take no issue, but may I submit to him with all deference that the fault in those cases did not lie in the merit principle nor in the Civil Service Act, but in the venal character of the commissioners who administered the act; that is all, and the chairman proved nothing else but that the two commissioners to whom he referred, Tremblay and MacTavish, were actually guilty of violating the merit principle in making the appointments in the three cases he cited. He proved nothing beyond that by the citation of those particular cases. He then proceeded to say that the recommendations of the officials were to the effect that after all the revenue post office positions were not in the same class or category with the positions of the civil servants proper, and they therefore suggested that postmasters up to three thousand dollars should be exempt from the Civil Service Act. May I submit that if their contention is correct, if the principle enunciated is sound, it should apply to all postmasters, and not merely up to the three thousand class. On the other hand, if the principle is unsound, and I presume it is unsound or the committee would not recommend that the occupants of the higher

positions should be made permanent civil servants with all the privileges and attributes of what the chairman himself described as a fully fledged civil servant, they would hardly have made that recommendation in the case of the higher salaried postmasters. If the principle be sound in the case of the higher salaried postmasters, is it not equally sound in the case of the lower salaried postmasters?

Mr. LAWSON: May I interrupt my hon. friend for a moment? I know him so well I know that he would not want to base his argument on incomplete information. The officials of the Post Office Department, as is disclosed by the record, indicated that with respect to postmasters in offices where the revenue is in excess of three thousand dollars, it was their intention to have them made civil servants on straight salary and no longer the incumbents of revenue offices.

Mr. GARLAND (Bow River): I cannot see any reason why we should deviate from the merit principle. If it be sound in the case of the higher salaried post offices, it is equally tenable in the case of the lower revenue post offices. I cannot for the life of me differentiate at this moment as between the two classes, and frankly, in my opinion, the report of the committee is distinctly weak in that regard. I am personally opposed to any further extension of the system of patronage, and I feel that most of the hon. members in this corner of the house and many others on both sides of the house share my views in this matter. Those who have the obligation, the questionable pleasure, of administering patronage, will now have some additional seven thousand jobs to distribute. It will be to their everlasting discomfort that they have that privilege, and since the government has the majority of the members on that committee the government must take the larger share of the responsibility for this violation of the merit principle, and unquestionably for the possibility of endangering the whole principle of the act by commencing this retrograde movement. I objected some years ago to the orders in council passed by the late government excluding certain minor positions, day workers and so on, from the operation of the act. My objections are even more strenuous against positions of this kind being excluded. I am in complete accord with the suggestion of the postmasters' association that all postmasters should be completely subject to the merit system and completely enrolled within the ranks of civil servants, and that they should by virtue of their positions carry with them all the privileges of civil servants.

Therefore with regard to the second part of recommendation No. 25 I am in accord, but with regard to the first part to which I have referred, the exclusion from the operation of the act of postmasters in revenue post offices where the revenue does not exceed $3,000 per annum, I am in disagreement. So I move:

That this report be not now concurred in, but that it be referred back to the committee with power to amend by striking out the first six lines of recommendation No. 25 of the said report.

Mr. MITCHELL: I second the amendment.

Mr. SPEAKER: As written this motion is entirely unintelligible.

Mr. POULIOT: Mr. Speaker—

Mr. SPEAKER: It is customary for members to address the house alternately from each side.

Mr. POULIOT: But no Liberal members have yet addressed the house.

Mr. J. L. BOWMAN (Dauphin): Mr. Speaker, rising to speak briefly in support of the motion for adoption of the report, I wish first to express my very great pleasure on having been chosen a member of this somewhat important committee. That pleasure became greater as the work of the committee proceeded and it became apparent that the members intended to treat the evidence from a strictly impartial and non-partisan viewpoint. I think the very cordial feeling which existed throughout all our proceedings and which resulted in the presentation of this unanimous report is to be attributed in very large measure to the tact, good judgment and diligence of the chairman of the committee.

Throughout the proceedings I was particularly impressed by the very high type of civil servants and the able representatives of the various civil service organizations and the war veterans' association who appeared before the committee. The lucid and logical manner in which they presented their evidence created a most favourable impression.

My purpose this afternoon is to deal briefly with the major finding of the committee, that is, that the commissioners be retired. The retirement of those gentlemen will give the government of the day an opportunity to wipe the slate clean and start over again. The chairman has given to the house a full history of what led up to the Civil Service Act of 1918, which was subsequently amended by the act of 1927. It is with respect to the

period from 1918 down to the present time that I propose to address my remarks. It is quite true that perhaps the findings of the committee as a whole do not meet with approval of everyone. That was to be expected. Nevertheless I think it speaks well for the manner in which the committee approached their work that, although composed of four Conservatives, two Liberals and a Labour member, they were unanimous in coming to the conclusion that the heads of the Civil Service Commission should be retired. Up to the time of the Civil Service Act of 1918 we did have a period when political patronage governed appointments to the civil service, and from that year down to the present time it may be said that we have been going through a transition period. The chairman has pointed out the immense power of those having, wholly or partially, jurisdiction over some 45,000 civil servants drawing in salaries every month in the neighbourhood of $7,895,000. I find that in 1919 when the present Civil Service Commission was appointed the salaries of the commissioners were fixed at $7,000 for the chairman, and $6,000 each for his two associates. It does seem to me that then and there a mistake was made, and that that mistake has not been rectified down to the present time. I contend that the salaries paid at that time were entirely inadequate to get the type of men needed to administer the affairs of this commission, which as I have said, has partial or total control over the whole civil service. At that time it must be borne in mind, too, that the more important positions on the staff were filled at very low salaries. We find the chief examiner with an initial salary of $2,050, that the initial salaries of other examiners were from $1,800 to $1,850, and that the salaries for investigators in the organization branch were as low as $1,320. These were the salaries of the staff of a commission having jurisdiction over the civil service wherein the salaries of deputy ministers ran from $9,000 up to $12,000 a year, and in one case as high as $15,000, and the salaries in the higher branches of the various government departments ranged from $4,000 up to $6,000 a year. Yet at the inception of the commission it was attempted to appoint men at the salaries to which I have referred—men who were to have authority over the civil service. Bearing in mind that this commission and its staff have charge of appointments, promotions, classifications, organizations and reorganizations throughout the whole of the civil service, one would at least expect that the qualifications of the heads of that commission, and those occupying the higher positions in the staff, would be at least as great as if not greater than those required of the people over whom they exercise control. This is one of the reasons to which I attribute the fact that, to some measure at least, the merit system was not given full force and effect from 1918 or 1919 to the present time. I am quite willing to admit that while many of these positions were filled at low salaries, with the experience subsequently gained they have given many valuable men to the commission, but these men have been educated and developed to fill the positions they now occupy, to some extent at least, at the expense of the public service.

Now we come to 1926, when two of the commissioners, Mr. Jameson and Mr. Larochelle, were retired for reasons which are familiar to every hon. member. Later two new commissioners were appointed, Mr. Tremblay and Mr. MacTavish. Shortly after the appointment of these gentlemen an investigation was held into the staff of the commission by two subordinate officials of the commission itself, and from that investigation resulted what was known as the Kemmis and Simmons report. In connection with that investigation I want to point out that Mr. MacTavish and Mr. Tremblay, the two new commissioners appointed, had so little experience that they determined that the proper way to have an investigation into their own staff was not to have it undertaken by the heads of the departments but by two subordinate members of the staff, and the very fact that this investigation was held at that time indicated to me that from the very beginning these gentlemen were not the type or calibre of men that should have been appointed to the positions of junior commissioners. We had many instances brought before us where the commissioners differed, and where there were adverse findings. Then we come down to about a year or so ago, when we had the Bouchard trial and disclosures, and coming to the investigations of this committee, we have now recommended the retirement of these gentlemen.

In that connection I do not wish to do more than quote from an editorial which appeared in the Ottawa Citizen under date of April 9, 1932. Speaking of the commission, the editorial states:

> The machinery is devised to give Canada an efficient civil service free from patronage interference. The present weakness is in the controlling hands on the machinery.
>
> The chairman of the Civil Service Commission, Hon. W. J. Roche, is generally trusted throughout the country. As a cabinet minister in Sir Robert Borden's administration, he had the respect of members on both sides of parliament.

I should say that this respect has continued throughout his entire career. I think all hon. members will agree that Doctor Roche is a gentleman of the highest character. The editorial proceeds:

It is absurd, however, to pretend that the other commissioners, Messrs. Newton MacTavish and J. E. Tremblay, have any such standing in public esteem or any such claim to the confidence of the country in the administration of the merit system. They were appointed without any record of service in public life or of outstanding administrative experience.

It is hardly surprising that members of parliament, cabinet ministers and deputy ministers are dissatisfied with such an exercise of authority by commissioners of very limited experience. Until this weakness at the head is corrected, general dissatisfaction will very likely tend to grow in volume.

With those sentiments I am in entire accord. In another editorial appearing in the Ottawa Citizen of April 15, 1932, we have the following remarks with regard to the Civil Service Commission:

The merit system is evidently being abused. The obvious weakness is in the absence of merit in some of the very positions where it is most needed, namely, on the board responsible for the administration of the Civil Service Act.

No matter how the law may be amended, it is liable to fail in the hands of incompetent commissioners. The present act has, on the whole, stood up well under a severe test for twelve years or more. It has been commended by authorities on civil service administration in other countries as one of the most advanced.

Hon. members of the house will note that while we have made a number of recommendations they are really minor in character and do not affect the merit principle or the main features of the act itself.

Undoubtedly it meant a real step forward for the merit system in Canada. Where it has appeared to fall short has been invariably due to faulty administration.

It is hardly surprising to find members of parliament restless when they know of undoubted instances of patronage of another form, even more demoralizing than political patronage, in the civil service. When members exercise patronage, at least they have to take the responsibility for it in the eyes of constituents. They can be held accountable in the next election.

When patronage is allowed by the Civil Service Commission, under an outside influence, fraud is being perpetrated on the public. The people of Canada are led to believe that positions are filled entirely on merit after an impartial examination of applicants, when it is notorious that methods of evading the law are countenanced.

Further on the editorial states:

It may be found that the Civil Service Act can be improved by some minor amendments, but improvement is most needed in the administration of the act. There has been a marked decline in public confidence in the Civil Service Commission, particularly in recent years. The remedy is to appoint commissioners whose standing in the country is calculated to restore public confidence as well as to gain the confidence of the civil service.

Again I say I am in complete accord with the views expressed in that editorial.

It must be borne in mind by all hon. members of the house that if the Civil Service Commission and its staff are to accomplish the work for which the commission was set up, there must be mutual respect and confidence as between the commission and its staff and the various departments of the public service. That mutual respect and confidence can be obtained only when the commissioners are men of high character, undoubted integrity and some administrative and executive ability. It does seem to me that during this transition period, if there has been any fault to be found with the commission and its work it has been due to weakness at the head and, because of that, perhaps weakness through the staff.

My principal object in saying anything at all at this time is to impress this view upon the government and respectfully to suggest that in appointing commissioners to take the places of those being retired they bear in mind the great importance of this commission and its staff, and see to it that men of character, of integrity and of the highest possible administrative and executive ability are appointed to these positions.

Consider these facts: that two years ago there was appointed a grain commission in western Canada, the chairman of which was paid a salary of $12,000; that two junior commissioners were paid $10,000 each; that each of the commissioners in the four western provinces receives either $7,000 or $7,500, I forget which; and that in Ontario there was paid to the chairman of the Liquor Control Commission a salary of $20,000 per annum, which I understand is to be reduced now to $10,000 to the present chairman, and then consider that we have been expecting during the last ten years to obtain from a commission receiving the salaries I have mentioned, of $7,000 and $6,000, men to control vastly more important offices and to discharge more important duties than either of these other commissions, though, of course, one must admit that the grain commission is of great importance.

I do not intend to say more than this in conclusion. I do respectfully submit to the government of the day, and I do so in confidence, knowing the great business ability of the present Prime Minister, that in the first

place the new commissioners should be given salaries commensurate with the positions they are to occupy, and secondly, that in the choice of commissioners men of outstanding character and integrity, men of marked administrative and executive ability should be sought. I submit that if this were done many of the troubles respecting the administration of the Civil Service Act and the civil service would eliminate themselves or be eliminated in a brief period of time.

During the proceedings of the committee evidence was given to the effect that often the procedure was quite circuitous and that there was a good deal of red tape. Well, that is all a matter of administration. With a strong man at the head of the commission and one or two capable junior commissioners, as the case might be, that would soon be overcome. It was established before the committee that there was much overlapping and overmanning in the service. Again, I am of the opinion that with a strong commission and an efficient staff that could be obviated. And may I point out that it would not necessarily result in throwing out of employment any number of the civil servants of Canada. I was surprised to learn that approximately ten per cent of the service retired annually from natural causes such as death, marriage, resignation, and so forth. The holding-up of appointments for a couple of years would mean that there would be nine or ten thousand vacancies to fill, which surely should afford considerable scope for cutting down any overlapping or overmanning that might exist. The same with respect to the amalgamation or merging of different sub-departments of the public service. With a strong commission and an efficient staff having the confidence of and working in close cooperation with the deputy heads of the service—for this is most important—there would soon be remedied any duplication of services such as we find at the present time. So in the matter of reorganization. The head of the organization branch stated that there had been no reclassification to any substantial extent in the service since 1921, that the work should be undertaken at the present time and in this connection the statement was made that with the staff he had it would take him about a year and a half or two years to do this work, which was now overdue. That practically concludes what I have to say.

I do not intend to refer particularly to the matter of postmasters but I would call attention to page 454 of the evidence where Mr. Coolican makes the following statement in answer to a question by myself:

> Q. You think, Mr. Coolican, that that would lessen a lot of the difficulties?—A. Yes, I think it would, and the result would be just as good.

And at page 455, he makes this statement:

> I think the same good results could be obtained in these cases over $400.

Similar remarks were made by Mr. Underwood at page 463. It must, of course, be borne in mind, indeed it must be perfectly clear to hon. members, that there was some give and take in order to enable us to arrive at a unanimous report. Perhaps the report itself is not perfect and does not meet with the approval of all hon. members; nevertheless I do say that in arriving at a unanimous decision to retire the present commissioners, and to submit to the house a recommendation that men of the right calibre and standing in the community be appointed to succeed them, the committee have accomplished at least some small measure of good.

Mr. SPEAKER: When the hon. member for Bow River (Mr. Garland) was speaking to the motion for the adoption of the report, he proposed an amendment, but inasmuch as it was not in writing at the time, I was unable to submit it to the house. The amendment having been since reduced to writing, I will read it. It is moved by Mr. Garland (Bow River) and seconded by Mr. Mitchell:

> That the report be not now adopted but that it be referred back to the committee with instructions to delete the first six lines of recommendation No. 25 from the word "from" to the word "annum."

Mr. E. R. E. CHEVRIER (Ottawa): I had not in the least intended to take part in the discussion this afternoon, particularly in view of the fact that the report submitted by the chairman to the house was unanimous, and also in view of the fact, as the hon. gentleman who has just taken his seat (Mr. Bowman) pointed out, that there had been considerable give and take in order to arrive at that unanimity. If there is one thing that has somewhat disturbed my feelings it is the fact that the hon. gentleman who presided with distinction over the meetings of the committee should have seen fit to depart somewhat from the line of conduct which I had thought he would adopt on this occasion. For that reason, Mr. Speaker, you can appreciate my rising at the present time.

I do not think there is a member of this hon. house who will doubt my sincerity in relation to the merit system in the civil service of Canada. It was my privilege away back in 1923 to sit as a member of the committee of that day which, during three months, investigated the affairs of the civil service, and

if I take away from this House of Commons nothing else, after the years I sat here, I shall have the satisfaction I derive from my own original draft of the report of that day. I read from my draft the following:

Your committee is of the opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of appointment by competitive examination, and that both these principles must be preserved.

Turning to the Malcolm report, I find at page XIV these words:

Your committee is of the opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of appointment by competitive examination, and that both these principles must be preserved.

If anybody wishes to compare my own draft with the report submitted in those days I do not think he will find very much difference between the two. The hon. member who was chairman of the present committee, I am sorry to say has referred to the evidence, although I think such reference was not necessary. Probably he has turned to the evidence with a view to justifying certain things done by the committee. Special reference was made by him to the St. Arsene case. I do not wish to go fully into the evidence, but if hon. members were at all interested they would find that the chairman of the commission decided one way, and that the two remaining commissioners, Messrs. Tremblay and MacTavish, decided another way. Wide indeed as they were, I doubt very much the powers of the committee to investigate the use of discretionary powers, vested in these officials. If there is a case where the commissioners had a right to exercise these discretionary and statutory powers, certainly it was in this case. I challenge anyone to say that in the exercise of these wide powers these two men did not exercise their powers in a way befitting their positions. Throughout the whole of the evidence it was revealed that whatever they did was amply justified. That is borne out in this case by a letter from Mr. Coolican, assistant deputy postmaster general, which I had placed on record, and which sums up the proceedings in the year 1927 as to who between Laforest and Rioux should have been appointed. The letter is to this effect:

The Secretary,
Civil Service Commission,
Ottawa, Ontario.

Re: St. Arsene

Dear Sir,—

Referring to previous correspondence regarding the vacant postmastership at St. Arsene, Que., your file 37614, permit me to inform you that the matter has again been brought to the attention of the department.

It is noted that the office has been in the temporary charge of Mr. Edmond Rioux for a long time, or more exactly since the 11th November last, and that no complaints have since been received against his management.

It is also noted that there is very little to choose between the different candidates and, under the circumstances, considering the satisfactory management of the acting postmaster, it seems that the interest of the service would be well served if he were confirmed in his position.

The department would be pleased to have a certificate in this case as soon as possible.

That letter was filed simply to show that one man of a certain age rather than of another age had been appointed. Great stress was laid upon the fact, and the commissioners were blamed for appointing one man younger by some years than another. I hesitate to bring out these facts, because I thought it would not be necessary to do so. I do not like to refer to the Belwood post office, but I find it necessary to do so. The chairman of the committee produced the file, not upon the demand of the committee but upon the suggestion of some person. It showed that a Mr. White, 71 years of age had been appointed upon the recommendations of Messrs. Tremblay and MacTavish, Dr. Roche dissenting. What were the facts? The superintendent of post offices had recommended the appointment of this gentleman because of his very special qualifications, and the superintendent had made no recommendation with respect to Mr. Bellamy who was No. 2 in order of merit. Dr. Roche, in the exercise of his discretionary powers—and with those powers I have no quarrel—recommended the appointment of Mr. Bellamy. The other two commissioners upon the recommendation of the superintendent of post offices, with whose discretionary powers again I have no quarrel, decided that a gentleman, seventy-one years of age, in good health and well able to carry on should have the position. It seems to me we are simply quibbling with facts. I was about to say that it was not within the high office or dignity of such a committee to delve into matters of such futile importance. For that reason probably this discussion should not have taken place.

I come now to the matter of exempting rural post offices. It was with great diffidence that some members of the committee allowed the exemption. I am not here to say who the members were, but I think my opening remarks might give hon. members some indication. If an exemption was made, it was because of two reasons, and two only. One of the reasons was that two very high officials of the Post Office Department, Mr. Underwood and Mr. Coolican, of their own volition,

so far as I am aware, came before the committee and made the recommendation that these positions should hereafter be filled by the Post Office Department itself. The evidence in this connection is very lengthy, but I should like to refer hon. members to page 454, where the following is found:

By Mr. Chevrier:

Q. Are you prepared to say what that would equal in salary?—A. No. That would require some thought; but if you put the salary of a postmaster at, say, the maximum of a postal clerk, plus that of an assistant, or some other grade in the Civil Service, you would arrive at a near figure.

Q. The maximum of a postal clerk, $1,740?—A. Yes.

By Mr. Bowman:

Q. I suppose a fair salary to these people might run around $90 or $100 a month?—A. Yes, we could make a definite allowance to the postmaster and from that he would pay his assistant.

Q. You think, Mr. Coolican, that that would lessen a lot of the difficulties?—A. Yes, I think it would, and the result would be just as good.

By Mr. Chevrier:

Q. These men would be named under the recommendation of the departmental officers?—A. Yes. We could arrange a procedure of inquiry the same as is done now.

"The same as is done now" is under order in council P.C. 1053 providing that the soldier preference must be respected. I continue:

From a business point of view—

This is a question I asked.

—it might be all right, but how would that come in with the merit system?—A. In these appointments of postmasters you are not observing the merit system. The very returned soldier preference is a legal violation of the merit system. You have many things to consider with regard to public service.

Mr. VENIOT: What class of postmasters was under consideration there?

Mr. CHEVRIER: These were postmasters in the class up to $400 revenue who heretofore were not under the operation of the Civil Service Act. The question arose as to how they could best be appointed. It was shown conclusively in evidence that the representatives of the Post Office Department went down and interviewed the applicants.

Mr. VENIOT: Not under $400; above $400.

Mr. CHEVRIER: For the time being these departmental officials were considered to be officers of the Civil Service Commission. They made an investigation in their own way; they then reported to the department, and it is in evidence that ninety-nine times out of 100 their recommendations were accepted by the commission, as I say, for the time being the inspector being considered as one of their own men; the commission simply accepted the recommendation of the departmental official.

Mr. VENIOT: The question that was under discussion at the time was about salaries from $90 to $100 a month. That is what the evidence shows.

Mr. CHEVRIER: That was not the gist of the matter, as nobody knows better than my hon. friend.

Mr. VENIOT: We want to know what took place.

Mr. CHEVRIER: I am reading at page 459 where Mr. Underwood is giving evidence:

As Mr. Coolican explained we hardly think that it was the original intention to bring the rural postmaster under the Civil Service Act, and the reason is this: Take the first reason, the question of appointments. Now, the commission themselves have made certain exceptions. They passed an order in council making certain exceptions. Take an office of $150 revenue; I think it pays 75 per cent compensation. It is hardly worth while to put a man in there for a revenue of $75 a year. In the second place, had there been any intention of putting the revenue postmasters under the Civil Service Act surely some provision in the Civil Service Act would be there to take care of them. You will not find any provision in the Civil Service Act regarding revenue postmasters. Certain benefits are given them, the benefit of the annual leave, sick leave, superannuation and so on. The Civil Service Act states that the salary range of the civil servant shall be a minimum and maximum but you cannot give a revenue postmaster minimum and maximum range. I do not think it was the intention to place the whole of the rural or revenue postmasters under the Civil Service Act.

Q. Now, would you endorse what Mr. Coolican said about the amount of salaries?—A. I think he was a little high.

This was probably on what the whole discussion was founded.

Q. What is your personal opinion?—A. My personal opinion—

And it must be remembered that the men giving evidence were some of the highest officials in the Post Office Department.

—would be somewhere around $3,000 or $3,500.

Mr. Coolican said $4,000.

We always express our own individual views. The reason is this,—

This is where the hon. gentleman will get his information:

If you take $3,000 on the scale I have given you, you will find on the first $1,000 there is about $700 compensation. That is 70 per cent.

Then you have $2,000 at 30 per cent, which is $600. That makes $1,300 total without the other allowances. Generally speaking, I think you might take it as a general rule that the total amount of that office would be $1,500 or thereabouts, $1,500 compensation. In an office of that size we would have to have one assistant. I do not say he would be full time. I figure that would allow $500 for his assistant and possibly for incidental expenses, so that he will have $1,000 for commission. The minimum salary of a postal helper is $1,020 a year, therefore I assume it is logical to pay a postmaster who is just coming into the office the same salary as you would that employee who is just commencing his career. There must be an arbitrary line somewhere and that is the reason I say $3,000. I may be a little low.

Mr. Coolican says that it should be a little higher. Then Mr. MacInnis asked a question:

Q. Do you think it would be any advantage to have a revenue postmaster, paid that amount of revenue, excluded from the Civil Service Act?—A. I say the postmaster up to that point should be removed from the Civil Service Commission. In the matter of appointments they are civil servants. It is the impracticability of appointing all these postmasters.

In other words, it is not practicable to appoint them. That was why some of us with great diffidence took the advice of the executive officers of the Post Office Department and decided to make the recommendation which is now found in the report. But those who were diffident in making that recommendation would have been much more so, and probably would not have made that recommendation, had it not been the intention of the committee at that time to insert in the report a recommendation that postmasters above the $3,000 revenue class should become full-fledged civil servants. I refer to recommendation No. 25, the last clause of which reads:

Your committee further recommends that such amendments be made to the Civil Service Act and/or the regulations thereunder of the Civil Service Commission so that postmasters hereafter appointed to revenue post offices having a revenue in excess of $3,000 per annum shall be within the full operation of the Civil Service Act.

Mr. RALSTON: Would my hon. friend permit a question for the sake of information? Would he suggest in what respect revenue postmasters above $400 are not under the Civil Service Act to-day?

Mr. CHEVRIER: Just as I think Mr. Underwood said, at no time were they.

Mr. RALSTON: Would my hon. friend look at the statute which defines the civil services and tell me where anybody gets that idea?

Mr. CHEVRIER: A civil servant is one who receives a certain salary and enjoys certain benefits. They were never taken in, for what reason I do not know. They never came within the definition of civil servant.

Mr. RALSTON: Not only were they always in and are under the statute to-day, but they had to be expressly excluded by the order in council P.C. 1053 referred to by the hon. member who moved the adoption of the report. They are under the Civil Service Act, but not under the Civil Service Superannuation Act.

Mr. CHEVRIER: They may be civil servants in one sense, but when my hon. friend says that they are civil servants, they are not civil servants in the full-fledged meaning of the term in that they do not enjoy superannuation.

Mr. RALSTON: That is another act altogether.

Mr. CHEVRIER: My hon. friend can explain it as he likes. I do not see to what he is leading. For the present we will take it that these people up to $400 are not within the operation of the act, that they were exempted. They are not under the operation of the act as the ordinary civil servant is.

Mr. LAVERGNE: They are doing civil service work but are not civil servants.

Mr. CHEVRIER: They are like a lot of others who caused the committee a lot of difficulty and as to whom the committee made recommendations, such as long-term temporaries.

The committee made this further recommendation that all those postmasters hereafter to be appointed where the revenue was above three thousand dollars should become fully fledged civil servants with full power to pay into the superannuation fund and to claim all other benefits accruing to regular civil servants. There was another reason why some members of the committee felt less diffident about making the recommendation to which I have just alluded, and that was that it was understood that the committee would make a recommendation for the appointment of a parliamentary committee to look into matters connected with the civil service every year. It was felt by those whom I have just mentioned, having in mind the very strong recommendation made by the departmental officers, that such a step would simplify the procedure, speed up appointments, and make for a better administration of the act, that it was probably well worth

while taking the chance. It was not a radical departure in any sense from the merit system. It was based upon the recommendations of the departmental officials, which the commission accepted just as they were made, ninety-nine times out of a hundred.

The hon. member for Dauphin (Mr. Bowman) who preceded me quoted certain editorials. That was his privilege and was done in the exercise of his own discretion, but not a tittle, not a suspicion of anything that was mentioned in those editorials found its way into the record. There was nothing of the kind. There was nothing in the way of a want of mutual confidence, and there was nothing in the evidence submitted before the committee as to a lack of integrity or a lack of confidence on the part of the chairman or any of the other commissioners. True, it was a unanimous report, and the chairman well expressed it when he said that there was give and take in the committee. I for one would have much preferred if the opening remarks of the chairman had not led to this discussion.

Mr. LAWSON: I rise to a point of order, Mr. Speaker. I feel that the amendment submitted by the hon. member for Bow River (Mr. Garland) is out of order. If I read correctly the effect of his amendment, which I have now before me, it amounts to a mandatory order to a committee of this house to change its report. I submit to you, sir, that such a mandatory order might be in order with respect to a bill which had been referred to a committee, some section of which might be referred back to the committee with a mandatory order of the house. But in the case of a special select committee to which a reference was made, the intention of which reference was clearly to vest in that committee discretion, I submit that the committee having exercised its discretion and its report being now before the house, the report cannot now be referred back to the committee with a mandatory order to the committee. I therefore submit that the amendment is out of order.

Mr. VENIOT: Speaking on the point of order, was not that done in the case of the customs investigation? The report was referred back to the committee with a mandatory order. The amendment was not ruled out of order in that case.

Mr. GARLAND (Bow River): On the point of order, my intention was very clear to those of us who are concerned in the amendment. We do not desire in any way to make it mandatory. We wish to have the amendment in the correct form if at all possible. The intention is simply to refer the report back to the committee with power to amend the report in a certain fashion. I suggest to the hon. member for West York (Mr. Lawson) that in courtesy to the members of the house he do not persist in his point of order, if it be well taken.

Mr. LAWSON: I submit that it is not a matter of courtesy at all. It is a matter of the proceedings being correct or not, or in order or out of order, according to the rules of the house. I have no desire to be discourteous, but as chairman of the committee which was asked by the house to exercise a discretionary function I resent being sent back to the committee with a mandatory order.

Mr. GUTHRIE: Might not the end sought by the hon. member for Bow River be achieved if he were to amend his amendment and merely ask to strike out that clause? Certainly the house would have power to do that if it saw fit, and that would get over the difficulty of sending back the report at this late stage of the session.

Mr. GARLAND (Bow River): With ready willingness I accept the suggestion. It was only because of the fear that the house might not be willing to accept an amendment without referring back that I put the amendment in the form in which it is. With the consent of my seconder I am quite willing to accept the suggestion of the Minister of Justice.

Mr. SPEAKER: While the debate proceeds I will consider the point of order raised, and in the meantime the hon. member for Bow River can consider amending his amendment if he desires to.

Mr. GARLAND (Bow River): The Minister of Justice has suggested, Mr. Speaker, that the form of the motion be simply a motion to amend by striking out from the report the first six lines of section twenty-five of the said report.

Mr. BENNETT: Being that part not concurred in.

Mr. GARLAND (Bow River): I am quite ready to accept that suggestion.

Mr. SPEAKER: If the hon. member for Bow River has a further amendment to suggest and will submit it, it can be considered. The action of the house might be to amend the report as it is or to send it back to the committee.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I do not intend to speak at any great length upon this matter, but I have a few observations to make in answer to what has been said by the chairman of the committee (Mr. Lawson). One day someone was making a noise while eating his soup and on attention being called to it a friend said, "Oh, well, he means well." No doubt that the chairman meant well when he spoke on the St. Arsène case. I was very much surprised that he referred to it at all. It would have been much better for him to ignore it, but as the matter has been brought up I wish to refer to it. I regret very much to have to mention what happened in the committee, and I wonder if the chairman and the vice-chairman of the committee got their inspiration from the hon. member for Long Lake (Mr. Cowan) when they were asking questions of the witnesses who appeared before them.

First a word as to the merit system. I wish to congratulate my good friend the senior member for Ottawa (Mr. Chevrier) upon his very excellent speech. In fact, he is the one amongst us who knows most about the merit system, and he told his colleagues on the committee who did not know anything about the merit system, with the exception of my hon. friend from South Battleford (Mr. Vallance), and a couple of others, what it was all about.

What happened about that case? It is very simple. Was there anything wrong about the 1926 appointment? No. Was there a report made? Yes. Who made it? Mr. S. Tanner Green, of Quebec, the man whom the former Postmaster General denounced in this house some time before his party took office. A man can do anything when he is asked to do that. That is the man who made the report. At whose instigation? At the request of Mr. Dubé, the defeated Tory candidate in Témiscouata county—although I do not blame him for having done it. Now let me refer to page 126 of reference No. 110:

December 29, 1930.

In 1926, when the old postmaster, Mr. J. W. Roy died, I recommended that the post office should be placed at Mr. Laforest's place.

Mr. Green made a report which was sent to the Postmaster General. That report is dated September 14, 1926. Because the man put one name under the other the chairman of the committee thought it was a rating; in fact no rating was given. The date of this report, September 14, 1926, is the very day of the general election, and the inspection had been made in the preceding month of August while the shadow government was in power.

[Mr. Speaker.]

In fact the gentleman whom I have named before—I will not name him again lest I give him too much advertising—went to see Mr. Green and asked him to give a chance to that man. On the record is the letter which was sent to the Postmaster General this year. The report was made by Mr. Green in favour of that man at the request of the defeated Conservative candidate for Témiscouata county. There was no question of merit, both men were about equal. The only difference was that Rioux was much younger. Mr. Laforest is nearer seventy than sixty and is too old to be appointed postmaster. The Postmaster General (Mr. Sauvé) wrote me that during the several years Rioux had been postmaster he had given good service, and he, the Postmaster General, had no objection to his application to the Civil Service Commission for the new appointment, if he provided a better place for the post office.

A great deal of fuss has been made over the recommendation by the parish priest on behalf of one of his parishioners. In the eyes of certain persons it was a great scandal. But the parish priest did not cause any harm to the other fellow. What happens in Catholic parishes is that when a suitable candidate goes to the parish priest for a recommendation he gets it, and the recommendation simply means that the man is an honest and respectable citizen and fit for the job. We never see a parish priest fighting for one man as against another. In fact, his recommendation is just a certificate of good character, the same as is given probably by Protestant clergymen to the people who live in their community. As my hon. friend from Dauphin (Mr. Bowman) quoted the Citizen, I desire to quote its contemporary, the Journal. In its issue of April 18 last appeared this very excellent editorial:

A Very Grave Matter

When Mr. J. Emile Tremblay, member of the Civil Service Commission, giving evidence on Thursday before the special committee of parliament investigating the Civil Service Act and its operation, told that he considered a certain candidate was "entitled" to the position of postmaster at St. Arsène "on the facts submitted to me, and on representations made to me by the parish priest to the effect that he was the choice of the whole population and his appointment was the most satisfactory," Mr. Tremblay was told by the vice-chairman of the parliamentary committee, Mr. J. L. Bowman, of Dauphin, Man., "this is a very grave matter, in my opinion." It would be interesting to know why.

The facts submitted were that the first name on the list reported on by the postal inspector was not acceptable by reason of difficulties experienced with that candidate in former association with that same office. The inspector

had rated the candidate in his judgment "from a postal service point of view." The "second" and "third" candidates rated were about equal in education and experience, neither having had any post office experience.

But it was claimed by the inspector that the "second" candidate's accommodation for the post office would cost the postal department about $150 a year less than would that offered by the "third" choice.

In fact it was not proved to the committee that the mail carrier's pay was increased or decreased because he went here or there.

Commissioner Tremblay said the question of site was one for the post office to consider, not the Civil Service Commissioners, and he produced a ruling from the Department of Justice. He therefore "approved" the appointment of the "third" candidate on the ground of better personal qualifications.

It was when he mentioned that representations had been made to him by the priest of the parish in favour of the "third" candidate that the matter became "very grave" to one member of the committee apparently.

At the afternoon sitting of the committee that same day, Mr. Tremblay amplified his statement as to the representations made by the priest. He said:

"He told me his standing in the community was better than the other man. I think he said he had been mayor of the village, if I am not mistaken, and stood in better with the residents than the other man, and his appointment would be more acceptable to the patrons of the office. I am only speaking from recollection."

The appointment was six years ago, it should be stated.

What is there "grave" about all this? Dr. W. J. Roche, chairman of the Civil Service Commission, had told the committee that there had been "honest difference of opinion" among the three members of the commission, and that he had voted for the "second" candidate on the ground of saving to the postal department. He said he remembered nothing of any representations of the priest. When that same appointment came up for consideration again a year or so ago, all three commissioners voted for re-appointment of the man in dispute.

But the so-called "grave matter" turned into something of a comedy when Dr. Newton MacTavish, the remaining member of the Civil Service Commission, took the witness stand. Dr. MacTavish's evidence was that like Commissioner Tremblay, he considered the question of site was a concern of the post office, not of the Civil Service Commission, as the post office had the authority to refuse the appointee of the commission on that ground, if the officials liked.

And what was the determining factor in Dr. MacTavish's choice of the "third" candidate? Not representations of the priest. Doctor MacTavish said he could not recall that any such considerations had come before him. The factor which weighed with him was simply that the "second" candidate was 62 years old, "and getting near the retirement age," while the "third" candidate, whose choice he approved, was 47 years old.

The fact that a "priest" had made representations to a member of the commission was discussed at some length by the parliamentary committee. Mr. Tremblay said he did not consider such representations were likely to be "political" and he took them into account in view of their nature. He had never seen the priest before then, he said.

It is interesting to recall that when the question of members of parliament having a voice in post office appointments cropped up in the committee, the chairman, Mr. J. Earl Lawson, remarked that members of parliament might be considered "reputable persons." Might not the same consideration be accorded to a "parish priest"? Roman Catholic or Protestant?

And what is the real situation in the matter of post office appointments? Take this extract from the evidence of Mr. E. J. Underwood, chief superintendent post office service:

Mr. MacInnis: You do not hear so much about the appointment as about the dismissal?

Witness: There, you put your finger on the sore spot. If you could do something to assist in that matter you would be our everlasting friend.

Mr. MacInnis: Could you not give us a suggestion as to how to remedy that?

Witness: I am afraid that is not in the scope of post office affairs.

A return tabled in the House of Commons showed that 596 postmasters had been dismissed since August, 1930. Now if the parliamentary committee are really looking for a "grave matter" to deal with, here's their chance. And according to Mr. Underwood, who ought to know, they can thus make themselves "everlasting friends" of the postal department. Of course, that has nothing to do with the Civil Service Commission.

On April 25 of this year the Ottawa Journal published another editorial, which is very much to the point, and from which I should like to quote a paragraph:

Last week we had a great hullabaloo over the fact that a priest, exercising his rights as a reputable citizen, recommended that a certain person be appointed as a rural postmaster. Why a clergyman, no matter of what faith, should not have the right to suggest that a certain person would make a competent public official, is beyond The Journal. Yet simply because the advice of this priest was admitted to have been a factor—one among others—in the making of this particular appointment, we had a member of the committee broadcasting to the country that the revelation was a "grave" one, that it all but constituted a crisis.

Those extracts are absolutely to the point, and I am very sorry that some members of the committee were so narrow minded as to make such a fuss about a recommendation given by a priest who was acting as a private citizen, as he had a perfect right to do. The recommendation of a priest is like that of a mayor, a municipal councillor, or any other man in good standing.

Mr. DUGUAY: Were they both of the same party?

Mr. POULIOT: Priests have no party politics, as my hon. friend, who is a French Canadian, knows very well.

Mr. DUGUAY: It is because I know very well that I asked the question.

Mr. POULIOT: If my hon. friend knows it very well he should tell the members of the committee. My hon. friend from Ottawa (Mr. Chevrier) was the first to protest in this matter. I hope my hon. friend will tell his friends; it will be a good thing for the country at large, in the interests of peace, order and good government.

Mr. BOWMAN: Is the hon. gentleman aware that the recommendation to which he refers was sent to one of the commissioners personally and that it was not brought to the attention of the other commissioners or placed on file?

Mr. POULIOT: Is that what my hon. friends find grave?

Mr. BOWMAN: I am asking the hon. gentleman that question in all sincerity.

Mr. POULIOT: I ask my hon. friend if he finds that grave; if he does not I will not answer his question.

Mr. BOWMAN: If the hon. gentleman will permit me, in answer to the question he asks may I say that what I considered grave about the matter was not that the representation was made by a priest; it might just as well have been made by a United Church clergyman or by any other minister of the gospel. The fact that it was made to the commissioner and not brought to the attention of the whole commission, and not placed on file so that all might have the advantage of the recommendation that had been made, was the point that was considered grave.

Mr. POULIOT: I will answer that in a very simple way. Here are three commissioners. Are we forbidden to speak to one of them unless the other two are there also? When they meet together they sit behind closed doors and no one can approach them. If I have something to say to one of the commissioners must I call in the other two at the same time?

Mr. LAVERGNE: If my hon. friend will allow me, does he not think that commissioner should have informed his confreres as to the recommendation?

Mr. POULIOT: First of all, the letter was on file, but either the letter was right or it was wrong.

Mr. BOWMAN: Pardon me; the letter was not on file, and Mr. Tremblay stated that he did not communicate to the other commissioners the fact that the recommendation had been made. More than that, he said the letter formed the basis of the decision at which he arrived.

Mr. CHEVRIER: The hon. gentleman will not deny that there was a copy of that letter on file before the committee.

Mr. BOWMAN: Yes, subsequently it might have been placed on file.

Mr. POULIOT: The letter was addressed either to the Postmaster General or to the commissioner; at any rate it was a private letter, but a copy was left on file for the information of anyone who wanted to see it. Was the letter good or was it wrong? If it was good it was all right to leave it there, and even if it was wrong you cannot prevent a man from writing a letter. It was not communicated by Commissioner Tremblay to anyone else; it was left on file so that anyone interested could read it.

Mr. LAVERGNE: It was not the priest who was wrong; it was the commissioner, who should have communicated that information to the other commissioners.

Mr. POULIOT: I am glad my hon. friend interjected that statement, because he admits that when a recommendation is made by a parish priest it is not a matter of grave concern but is something that should be communicated to others.

Now I will continue with my argument, and what has been said does not lessen my admiration for the editorial writer of the Journal. I pity the Postmaster General very much; the Tories of the province of Quebec must give him a great deal of worry. We have proof of that in the statistics given out by the Postmaster General. I pity rather than blame him; when we see the long file of Tories who come to ask help in order to get jobs we realize that he is in rather an awkward position. It is not those who are elected that give the more trouble. Those who have been defeated are the worst, and I am sure they cause the Postmaster General more trouble than his colleagues in this house do. But how do they proceed? If we are to place more postmasters under the jurisdiction of the minister we must inquire what procedure is followed in connection with their appointments and dismissals. I asked the following question and the answer I received is given:

1. To how many postmasters, in each province, since August, 1930, the letters and forms shown at pages 6 and 11 inclusive, of the file 244, S.P. No. 257, of April 1, 1932, have been forwarded.

2. Number of postmasters, in each province, who forwarded their resignation, after having received these letters and forms.

3. Number of postmasters who were dismissed, in each province, after having duly filled in and readdressed the said letters or forms to the Post Office Department.

Some letters were drafted, from September 27, 1930, to April 9, 1931, threatening them with dismissal if they did not resign or did not take affidavits to the effect that they had not taken part in politics. These forms have been tabled in a return. They were sent to 358 postmasters in Quebec. Sixteen postmasters resigned when they received them and 206 were dismissed after they had duly filled in and readdressed the forms.

An hon. MEMBER: They were trying to catch up with the former Postmaster General.

Mr. VENIOT: That was done in eighteen months as against five years.

Mr. POULIOT: The province of Quebec, according to these statistics, is the banner province. I asked a question as to how many postmasters in each province since 1930 these letters and forms had been sent. This is the information:

Province	Letters sent
Nova Scotia	85
Prince Edward Island	7
New Brunswick	90
Quebec	358
Ontario	19
Manitoba	17
Saskatchewan	35
Alberta	11
British Columbia	1

The numbers of postmasters who resigned were:

Nova Scotia	4
Prince Edward Island	..
New Brunswick	8
Quebec	16
Ontario	2
Manitoba	1
Saskatchewan	1
Alberta	1
British Columbia	..

The postmasters dismissed were:

Nova Scotia	38
Prince Edward Island	5
New Brunswick	46
Quebec	206
Ontario	5
Manitoba	5
Saskatchewan	9
Alberta	..
British Columbia	..

Again, Quebec is the banner province. I asked the following question and the answer I received appears after it:

1. How many postmasters had to undergo inquiries for political partisanship since August, 1930: (a) each month, and (b) in each province?

2. In how many cases: (a) each month since August 1, 1930, and (b) in each province, did the Postmaster General require a written complaint accompanied by an affidavit before granting an inquiry for political partisanship?

The answer was:

In view of the fact that it will take some time to prepare the answer, it is recommended that this question stand as an order for return.

The information, when brought down, was:

Prince Edward Island	7
Nova Scotia	60
New Brunswick	56
Quebec	309
Ontario	6
Manitoba	11
Saskatchewan	19
Alberta	4
British Columbia	..
Total	472

The next question I asked had reference to the cost of investigation in each of the departments. In the Department of Agriculture there were ten inquiries at a cost of $759.99; in the Department of Immigration and Colonization three inquiries at a cost of $90.66; in the Department of Indian Affairs, three inquiries at a total cost of $312.51; in the Department of Marine, there were 131 inquiries at a total cost of $8,090.74; in the Department of National Defence, three inquiries at a cost of $248.84; in the Department of Customs, thirty-three inquiries at a total cost of $3,536.60; in the Department of Pensions and National Health, eleven inquiries at a total cost of $1,191.99; in the Department of the Postmaster General, 474 inquiries at a total cost of $33,103.64; in the Department of Public Works, nine inquiries at a total cost of $976; and in the Department of Railways and Canals, the total cost was $677.48, no information being given as to the number of investigations held. Again, Quebec was the banner province.

Now, the question is, who held these investigations? I had a question on the order paper in reference to a man named Garon, a commissioner appointed to carry out investigations in the province of Quebec. This man was sworn in October last, but the fact is that he had held many inquiries before being sworn at all. Indeed, all the investigations of which I have complained had been conducted by him before he was sworn. A justice of the peace must take an oath before he can discharge his functions, and yet we find that this gentleman held investigations without being sworn. In view of this fact, I would urge upon the Postmaster General that the moneys paid out to this man in fees and so forth

before he was sworn be refunded to the department. I do not blame the Postmaster General but those who brought pressure to bear upon him, those who wanted to disturb the social order regardless of the fact that most of the men whom they were throwing out of employment were not guilty of political partisanship. I submit, Mr. Speaker, that any postmaster, whether he be Liberal or Conservative, who is attending satisfactorily to his work in an effort to support his family, and who keeps quiet during elections, deserves to be left alone.

Mr. LAVERGNE: That is hard on the hon. member for Gloucester.

Mr. POULIOT: He is not Postmaster General now.

Mr. LAVERGNE: He was.

Mr. POULIOT: As a matter of fact, he has been victimized and that is why he understands and sympathizes with the miseries of others. The Postmaster General informed me that all dismissals in my county were made after certain investigations but not always after inquiries. But more than that, the postmasters in the country were affected not only by direct dismissal but by the closing of post offices, and in this regard Quebec is once again the banner province. In Nova Scotia 85 post offices were abolished; in Prince Edward Island 2; in New Brunswick 54; in Quebec 91; in Ontario 49; in Manitoba 19; in Saskatchewan 57; in Alberta 49; and in British Columbia 30; total, 436. I asked the following question:

How many postmasters, in each province, since August, 1930, lost their position owing to change of site of the post office, ordered by the Postmaster General?

The answer was:

Ontario	3
Quebec	23
Nova Scotia	23
New Brunswick	12
Prince Edward Island	Nil
Manitoba	2
Saskatchewan	4
Alberta	5
British Columbia	3
Total	75

Then the following question:

How many new post offices were established in each province, since August, 1930?

The answer was:

Nova Scotia	4
Prince Edward Island	Nil
New Brunswick	4
Quebec	44
Ontario	41
Manitoba	11
Saskatchewan	33
Alberta	57
British Columbia	16

[Mr. Pouliot.]

Mr. LAFLECHE (Translation): Has the hon. member a list of the postmasters dismissed from 1921 to 1926?

Mr. POULIOT: Translation): I shall furnish it immediately after the house rises.

Mr. DUGUAY (Translation): Why wait until the house rises.

Mr. LAFLECHE (Translation): I would prefer that the hon. member read it now to the house.

Mr. POULIOT: As my hon. friend from Richmond-Wolfe has so much information in regard to everything, including former speakers, he should have that information himself, and it is only because he wants to be funny, only for a joke, that he asks that question. He has only to look at his own file to get the information. I asked this question:

In how many cases since August, 1930, has a postmaster charged with active political partisanship been replaced temporarily or permanently by a person making the charge or giving evidence against him?

The following was the answer:

In view of the fact that it will take some time to prepare the answer, it is recommended that this question stand as an order for return.

In complaining about a man in office and in an effort to get the job, people can swear anything. Matters are worse when oaths are apparently taken before those who have no authority to take them. Under these circumstances it is possible to lie. I know of a very unworthy gentleman who made a complaint against a lawabiding citizen. Nothing was proven against the officeholder. A charge was laid which was not founded on facts and was contradicted, but the minister acted on the recommendation for dismissal. That sort of thing I cannot understand.

I do not complain because investigations are held to find out a man holding a government position has been guilty of political partisanship. I do complain, however, that judgments are rendered before witnesses are heard. In 99 out of 100 cases which I have read the members complain that—

Mr. LAVERGNE: That is a very serious statement.

Mr. POULIOT: What is?

Mr. LAVERGNE: The statement the hon. member has just made.

Mr. POULIOT: I have not said anything yet.

Mr. LAVERGNE: My hon. friend said judgments are rendered before evidence is taken.

Mr. POULIOT: There are cases where commissioners have said, after investigation, "There is nothing against that man." Then they have sent reports to the Postmaster General accusing those postmasters of political partisanship. I could give names to my hon. friend, and when I have finished I shall give them to him.

Mr. LAVERGNE: That was a very serious statement.

Mr. POULIOT: Surely it is serious and true. Very fortunately for him my hon. friend was not here at the beginning of the session; otherwise he would not be surprised at my statement. More serious things happened at the beginning of the session than have been happening lately. He would have seen things that would have astounded him, particularly as he was here in the days of Sir Wilfrid Laurier and Sir Robert Borden. He would have been very much surprised at the very serious things that happened this session.

I am not opposing investigations. When I was interrupted by my genial friend from Montmagny (Mr. LaVergne), I was about to say that I was very much surprised the members of the committee have counted the decisions of dissident commissioners. They forgot that Mr. Justice Holmes, of the Supreme Court of United States, was a most distinguished judge, that his dissident judgments have been published in book form, and are admired by many people. The civil service commissioners may have different opinions, and of that we cannot complain. I do complain, however, about a commissioner who, after an investigation for political partisanship, makes a statement that there is nothing against a man, and then makes a report against him. I am very pleased to note my hon. friend from Montmagny catches the point, and I hope the Postmaster General will do the same. It is a most unfortunate thing when a man who has been appointed by the Postmaster General takes a very active part in a provincial election. I made a charge in the house, and the Postmaster General said there would be an investigation. When it will be conducted I do not know, but I want it. This man, a postmaster, during the last provincial election campaign, went in his automobile and bought some liquor for canvassing. On his return he transferred the liquor to other vehicles. I want an investigation before a sworn commissioner, not one of those chaps who is good only to sign accounts and to give most unfair reports about the poor people with whom he comes in contact. They are worse than the Indians, because they have pity for nobody. I ask the Postmaster General to do something in this connection, or he may depend upon it that what I am now saying is only to give him a good taste, or in French, "lui donner bonne bouche," as compared with what I will have to say when his estimates are under discussion.

The people in my constituency have been treated most unfairly. I am strongly against the proposal to place all post offices with less than $3,000 revenue under the control of the Post Office Department. My opposition is not because I have no faith in the minister; the fact is that I think he is a most able man, and I have great respect for him. My criticism is that he listens too much to the complaints of those people who should be beside the wailing wall in Jerusalem and not here in Canada lamenting and complaining about some of their fellow-citizens who are doing their best work for the country as postmasters and public servants.

We are asked to adopt a report putting more postmasterships under the sole control of the Post Office Department. For the sake of the minister it would be much better if they were left under the control of the Civil Service Commission. That commission can and does deal fairly. When the Liberal party was in power we did not receive all we wanted from the commission. At times I wrote to them, exercising only the right held by anybody in the country. For instance, they appointed as assistant customs collector in my constituency a man who in 1926 when Mr. Meighen visited Riviere du Loup had gone from house to house asking people to put flags in their windows and to do some special decorating. I did not complain about his appointment, because it was supposed to have been made under the merit system, and that man was judged as well qualified. If the Civil Service Commission is to be given a fair deal, first of all we must see to it that the merit system is really a merit system. A decision should not be made by a man who is not familiar with the applicant but by a man who is capable of giving a fair judgment.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I wish to deal only with one phase of this report. First may I congratulate the chairman and the committee upon having achieved unanimity, but I cannot congratulate them on certain features of the report, particularly the features to which the hon. member for Bow River (Mr.

Garland) referred, and to which I am now going to direct my remarks. I refer to section 25 of the report, which is as follows:

25. From the evidence adduced and in view of the submissions of officials of the Post Office Department, your committee recommends that order in council P.C. 1053, dated June 29, 1922, as amended by order in council P.C. 17/1751, dated September 12, 1929, be further amended so as to provide for the exemption from the operation of the Civil Service Act of postmasters in revenue post offices where the revenue does not exceed $3,000 per annum.

That recommendation means that in all post offices where revenues are from $400 to $3,000, the incumbents of those offices who now hold their positions by virtue of the Civil Service Act will be subject to summary dismissal, and new appointments may be made without any of the formalities prescribed by the Civil Service Act. I propose to take the strongest exception to that procedure.

I do not agree with what has been said with regard to the present position of these men. The chairman of the committee, when I questioned him, intimated that they were not under the Civil Service Act. I have respectfully to take exception to that statement. The senior hon. member for Ottawa (Mr. Chevrier) also suggested that they were not under the Civil Service Act. In order to refresh my memory I have looked at the act again and I want to put on record the provisions and the classifications therein and to submit to the house that those men are under the Civil Service Act in every sense of the word and entitled just as fully to whatever privileges and benefits are intended by the act to men in salaried positions. The difference is that they are not under the Civil Service Superannuation Act, which is a different act altogether. I want to make that clear because I presume the chairman of the committee, having made the statement he did, has some authority for it and will wish my reasons for differing from him. My reasons are these: in the Civil Service Act, which is chapter 22 of the revised statutes of Canada, section 2 (a) defines "civil service" as follows:

"Civil Service" means the civil positions and employees in and under the several departments of the government of Canada, and in the offices of the Auditor General, the Clerk of the Privy Council, the Governor General's Secretary, the Public Archives, the Board of Railway Commissioners for Canada, the Civil Service Commission, and all other civil positions under and persons in the civil employ of His Majesty, but not including the members of any commission or board appointed by the governor in council.

Paragraph (d) of section 2 defines "employee" as follows:

[Mr. Ralston.]

"Employee" means and includes officers, clerks, and employees in the civil service, but does not include deputy heads.

Let me point out to the house that the words "civil servants" never appear in that act; "civil servants" are not defined in it. "Civil servants" are defined in the Civil Service Superannuation Act for another purpose entirely. If hon. members read the Civil Service Act through, they will find the people referred to there are not referred to as civil servants, but the "service" is referred to and the people for whom positions are provided are referred to as "employees." Let me instance one or two sections. Section 13 reads:

The rate of compensation of an employee . . . shall be—

so and so. Section 14 also refers to the rate of compensation of an "employee," and in subsection 3 of this section the word "employee" is again used. Section 15 uses the term "temporary employee." When we look at the crux of the act which takes the jurisdiction away from the governor in council to make these appointments, it is not the term "civil servants" that is used, but in section 19 the words are:

Save as otherwise provided in this act or in any regulation made hereunder, neither the governor in council nor any minister, officer of the crown, board or commission, shall have power to appoint or promote any "employee" to a position in the civil service.

I submit on the face of the section itself, that is so.

Mr. LAWSON: The section which the hon. member has just read proves that they are not civil servants.

Mr. RALSTON: I never said that they were civil servants; I said that they were under the Civil Service Act. My hon. friend does not seem to appreciate the distinction. Civil servants are not mentioned in the act; they are mentioned in the Civil Service Superannuation Act, which applies only to a part of those in the civil service, but the whole service is included in the other act—the Civil Service Act—and they are there referred to by the comprehensive term "employees," and they are all entitled to the benefits of that act.

Mr. LAVERGNE: Under the Civil Service Superannuation Act there would be a definition.

Mr. RALSTON: Under that act there is a definition of "civil servants"; that is for the purpose of superannuation and has nothing to do with what we are talking about, namely, the right of appointment and dismissal which is dealt with under the Civil Service Act.

Mr. LAVERGNE: Does my hon. friend not think the Civil Service Superannuation Act would establish what is a civil servant?

Mr. RALSTON: That act does define a "civil servant," but I am not discussing the Civil Service Superannuation Act. I am admitting at the start that revenue postmasters are not entitled to superannuation, but superannuation is provided for in the Civil Service Superannuation Act and not in the Civil Service Act. What I am discussing is taking away the right to appointment or promotion, the preference in the case of returned soldiers and the procedure with regard to dismissal which, under the Civil Service Act, is well established; but if these men are taken out of the Civil Service Act, they are absolutely at the mercy of any friend of the government.

Mr. LAVERGNE: Unless they are only employees.

Mr. RALSTON: I am sorry I cannot make the situation any plainer. People who are defined in the Civil Service Act are employees in the service; they are the ones for whom I am now pleading; they are the rural postmasters whom it is now proposed not to consider as employees in the service but to take out of the operation of the Civil Service Act. Let me point out what took place at the time the Civil Service Commission was appointed. If Mr. Underwood and Mr. Coolican are right that it was never intended the revenue postmasters should be under the Civil Service Act, then they would not be included in the classification which was made under that act, because surely parliament would never ratify a classification which included revenue postmasters under the Civil Service Act when it did not intend that they should be there at all.

Mr. LAWSON: They did many more remarkable things than that in that classification of the civil service of Canada.

Mr. RALSTON: Will my hon. friend be patient for a moment? I am talking about what parliament did.

Mr. LAWSON: I am talking about what parliament did too.

Mr. RALSTON: With all due respect to Mr. Coolican and Mr. Underwood, I say that parliament was the body to decide what was the status of those employees. In 1919 parliament passed an act, chapter 10, in which by section 42 they confirmed the classes of positions and the rates of compensation "in the classification of the civil service of Canada, signed by the commission and dated the first day of October, 1919, and submitted to parliament." The words are that this classification and rates of compensation—

—are hereby ratified and confirmed, and the civil service shall, as far as practicable, be classified in accordance therewith.

I have under my hand a copy of the classification which was made in 1919 and confirmed by that act and although Mr. Underwood and Mr. Coolican say that parliament never intended that these rural postmasters should be under this act, I find on page 549 of the classification a provision for "Postmaster (grade 1 office)." Under that heading I find:

Compensation: annual: 50 per cent of the first $1,000 of revenue, 25 per cent of all revenue over $1,000 and up to $10,000; minimum salary $60 a year.

Those are revenue postmasters; they are in the classification which was approved by parliament. In the face of that, I am not concerned about what Mr. Coolican or Mr. Underwood have to say as to their opinion of what was intended by parliament. I take the intention of parliament from what appears in black and white in the act.

Mr. VENIOT: And the minimum compensation was increased to $65 a year.

Mr. RALSTON: There have been from time to time changes in the percentage of revenue which is to be received by the postmasters, but those officials remain in the Civil Service Act classification to-day. They are not people quite outside the Civil Service Act to whom no consideration is to be given, as would be the case were Mr. Coolican and Mr. Underwood correct in their assumption regarding parliament's intention. Therefore there can be no question at all that these rural postmasters in post offices with revenue between $400 and $3,000 come under the Civil Service Act.

Then there is a provision that certain classes may be excluded from the Civil Service Act. It is in section 59 of the act as it stands to-day. Section 59 reads:

In any case where the commission decides that it is not practicable nor in the public interest to apply this act to any position or positions, the commission may—

Note this:

—the commission may with the approval of the governor in council, exclude such position or positions in whole or in part from the operation of the act, and make such regulations as are deemed advisable, prescribing how such position or positions are to be dealt with.

I submit that that is the only way the committee can accomplish the removal of these postmasters from the Civil Service Act; not by

saying they were not intended to be under the act but by admitting that they are at present under the act and by having the commission invoke the section I have just read and exclude them, but only if the circumstances are shown which the section mentions. Away back in 1922 an order in council, P.C. 1053, was passed in which the Civil Service Commission did recommend exempting from the Civil Service Act appointments to positions where the salary was not in excess of $200 per annum. Note this, that the commission itself recommended that provision and the governor in council approved it. Other positions were recommended to be exempted at the same time; for instance, positions for which the compensation provided consists of fees pertaining to the office, and positions of an honorary character to which no compensation is attached; the position of orderly in the office of the governor general's secretary; the position of Indian interpreter, Department of Indian Affairs, which it can be readily understood was not a position that could be advantageously dealt with under the Civil Service Act; the position of physician performing the duties of port physician under the Department of Health at various ports, which are specified in a long list in the order in council; positions in the following classes of skilled and unskilled labour and domestic service, such as blacksmith; and that is followed by two pages of other positions ending with culler, running all the way from sawmill foreman to laundress, upholsterer, electrician foreman, sign painter, and so one. That order in council exempted all these special classes of employees from the provisions of the Civil Service Act.

May I say in passing that that exemption of positions up to $200 salary did not begin in 1922. It was contained in an order in council, P.C. 1694, passed in 1919, very soon after the Civil Service Act was passed. This was embodied in order in council 1053 of 1922, to which I have referred, and that continued to be the rule until in 1929 a slight amendment was passed and postmasters in offices where the revenue did not exceed $400 were excluded. That was really the same office as the one to which the $200 salary applied because the postmasters had been getting fifty per cent of the revenue and two hundred dollars' salary represented fifty per cent of a revenue of $400. The postmaster's percentage was raised to 70 per cent and the order in council passed in 1929 simply changed the provision so that the text was a $400 revenue instead of a $200 salary. In other words they continued exactly the same maximum revenue as before.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. RALSTON: Mr. Speaker, before recess I had, I hope, convinced the house that rural postmasters in offices where the revenue is between $400 and $3,000 are members of the Civil Service of Canada and come under the Civil Service Act. I had made the distinction between employees of the civil service under the Civil Service Act and those who are designated by a different term, namely, civil servants, under the Civil Service Superannuation Act.

It may be asked, what advantage or benefit is there in being an appointee under the Civil Service Act, as these men are. I am not going into the matter in detail, but I would remind the committee that there are certain statutory provisions with regard to promotion contained in the Civil Service Act which apply to these men whom it is now proposed to exclude from the benefit of that act. Provision for their compensation is made under the Civil Service Act, and any increases in compensation are dealt with by the Civil Service Commission. The duties which these men are performing, and the value of their services to the public, are all subject to appraisement by the machinery of the Civil Service Commission. Provision is made in the Civil Service Act for holidays—an express statutory provision of which these men also have the benefit. A very important provision is there, namely, that appointees to this service must be British subjects; that is contained in section 33. If these positions are taken out of the act these provisions do not apply. Further than that what are the provisions of the Civil Service Act, and what are the rules and regulations, which govern the tenure of office of these men who are in the service? As we know, the provision has not only been recognized by this house as stated long ago by Sir Wilfrid Laurier, but it has been embodied in an order in council, and it has been restated by the right hon. Prime Minister when on this side of the house and again since the present government took office, namely, that these postmasters hold their office and cannot be dismissed for partisanship unless there has been a certificate by a member of parliament

that of his own knowledge they are guilty of partisanship, or there has been an investigation and an adverse decision given by the investigator. That is very important. That is the tenure under which these men hold office, and it has been acknowledged and recognized both by practice and by order in council. The proposal now is that these men shall be taken out of the Civil Service Act, that this practice and this order in council shall not apply, but simply by the action of the minister or the action of the governor in council, whether on recommendation or not—and from some things that have transpired in this house in the last week or two I do not know whether the government would even require a recommendation—but in any case without a reason being given these men might be summarily dismissed from office without any charge, without any investigation, without any responsibility being taken by any one except by the minister concerned. I submit that that is not in the interests of the public service, and that men who are in those positions at this time—appointed thereto under the Civil Service Act which provides that their tenure of office should be much more permanent than that—have a right to complain if now this house approves of a scheme whereby their positions will be simply at the whim of the government.

That is as far as dismissals are concerned. Now, what about appointments? Supposing that all these men, or a large proportion of them, are dismissed. Under the Civil Service Act when one of these positions became vacant the Civil Service Commission would be requested by the department to advertise for applications, to examine and rate the applicants, and to certify to the minister that such and such a person is entitled to the position. In connection with that there is an express statutory provision that the commission in making the recommendation shall establish a special list on which shall be put the names of those applicants who were on active service, have suffered disability and have not been reestablished. These overseas men thus have a superpreference. It is further required that a list shall be made of applicants who were on active service with His Majesty's land or naval forces or with the forces of the allies, and also that in the same list shall be included the widows of those who died on active service. Those men and women are put on the special list and are entitled to the next preference after the applicants with a disability. What is the effect of these preferences? That if those men get the minimum number of marks required for qualification they shall have the position in preference to a non ex-soldier who may have very much higher marks. There is another provision that the age limit which applies to civilian applicants does not apply to ex-servicemen, and that so long as the commission certify the ex-soldier applicant is in physical condition to perform the duties of the office he shall have that office notwithstanding the fact that there is a prescribed age limit.

Now, Mr. Speaker, if these positions were to be filled, and the present law were in force, that would mean ex-servicemen and widows would have that statutory preference, a preference that has been in force since 1919. There have been one or two occasions in this house when attempts have been made to reduce the preference. Only a year ago it was suggested that soldiers of the allies should not be given that preference. I appreciated that the preference was pretty wide in that respect, but I felt it was the entering wedge if any attempt were made to whittle away the preference which the Civil Service Act laid down and I opposed it.

What I have said so far is what would happen if any of these positions were vacant under present conditions where they are under the Civil Service Act. But the committee report proposes to exclude them from that act and to wipe out these advantages, and again to-night I protest against the proposal which is now being made that these preferences and other advantages under the Civil Service Act shall be done away with. I realize quite fully that under order in council 1053, which is referred to in the report of the committee, there is a provision that section 39—which was the old section of the Civil Service Act providing for the ex-soldier preference—shall apply; but having an order in council administered by a government is a very different thing from having an express statutory provision administered by an independent commission. Within the past three or four months I have had the experience of seeing how far one department of this government is prepared to go in disregarding the claims of ex-servicemen. I gave the details of the case the other night, and I will just outline it now. An ex-serviceman who had earned the military cross on the field, had been a resident of the county all his life and had given faithful service in his position, was summarily dismissed without any reason being given or any complaint being made, and a man appointed in his place who had been a resident in the county only five years and had no overseas service whatever. He was the doctor appointed to look after the Indians in

a portion of my consituency. The expense of appointing the new man to attend the Indians would be double the expense of the ex-service man if he made only one call each year on each person entrusted to his care, the reason being the travelling fees of the new man who was not centrally located. As a matter of fact, we have not yet found out on whose instigation that change was made. The minister rose in his place and announced that he proposed to accept the recommendations of his colleagues or of those in whom he had confidence in making dismissals, even though they concerned ex-service men, without any reasons being given.

Under those circumstances I think I have a right, on behalf of the ex-service men, to look pretty critically on a proposal which places in the hands of the government the jobs of about 3,500 public servants, many of whom are ex-service men who, if this recommendation is accepted, might be dismissed summarily without regard for their preference and have their places filled by civilians, nominees of party friends. The old order in council applied to only a limited class of officials, that is, those in offices where the revenue was $400 or less, as well as certain artisans and labourers expressly mentioned in the order. This provision, however, will apply to about 3,500 office holders all over this dominion, in rural municipalities and villages where the remuneration may be from $200 to $1,300 per year. I submit that, with the pressure I know is exerted on my hon. friends opposite, it will be pretty difficult for them to resist the demands which will be made that they exercise their powers under this proposal.

I say therefore, Mr. Speaker, that because it gives the government the chance to make summary dismissals and to disregard the returned soldiers' preference altogether, if they so desire, this recommendation should not be adopted. Even leaving out the ex-service men, and on the broader basis that officials should have assurance that they will be continued in office while they give good service, this great body of officials in these positions should not be subject to the will or the whim of any government or any minister, particularly in view of the fact that ever since 1919 we have adopted exactly the opposite principle. While I desire in every way possible to associate myself with the desire for economy, I do look askance at the suggestions now made that it is going to be more economical to appoint these men in the way suggested by this report. As I have said, for the last thirteen years we have had the present provision, under which we seem to have done very well, and I have not heard any complaint about the expense. Ex-service men have been appointed to these jobs under the statutes of Canada, and it seems to me that this economy, which at most may mean doing away with the sending out of advertisements to those parts of the country where there are vacancies and relieving the staff of the Civil Service Commission of the necessity of looking over these papers and deciding who should be appointed, will amount to very little in comparison with the damage which will be done to the public service. I believe that the adoption of this recommendation will give a very serious setback to the merit system and all that it means in connection wth appointments to the public service.

There are other matters also in respect of which I am very loath to give my support, but I am not going to deal with them. I submit that this is an outstanding example of where the committee, with all due respect, have gone wrong and made a recommendation which this house should not accept. On behalf of the great body of public servants who will be affected, and particularly on behalf of the ex-service men, I protest against this recommendation.

Mr. SPEAKER: If hon. members will allow me, the motion is that the house concur in the report of the select committee on civil service matters. The hon. member for Bow River (Mr. Garland) moved in amendment that the report be not now adopted but that it be referred back to the committee with instructions to delete the first six lines of recommendation No. 25, from the word "from" to the word "annum." The hon. member for West York (Mr. Lawson), who moved the original motion, has taken objection to the amendment, contending that it is not in order in that it is mandatory and instructs the committee to delete a portion of its report.

Without deciding the question of order, the difficulty can be quickly solved if the house will permit the hon. member for Bow River to withdraw the amendment now before the house and substitute the following:

That the motion be amended by the addition of the following words: "With the exception of the first paragraph of section 25."

The hon. member for Bow River asks leave to substitute this amendment. If this amendment is adopted the original motion will read:

That the second report of the special committee on the civil service and the Civil Service Act be concurred in, with the exception of the first paragraph of section 25.

Shall leave be granted the hon. member to substitute the proposed amendment for the one now before the house?

And leave having been granted:

Mr. ANGUS MacINNIS (Vancouver South): In rising to say a few words in connection with the report of this committee, of which I had the honour to be a member, I wish first to express to the chairman of the committee my appreciation of his courtesy and fairness to myself particularly, as the one Labour member on the committee. I do this because the chairman and myself are perhaps quite far apart with regard to politics, economics and social questions and we might differ on other occasions in the house, so I wish to express my appreciation now.

In my opinion this is a very good report. As the hon. member for Dauphin (Mr. Bowman) has pointed out, in order to get a unanimous report of this kind there must be a great deal of give and take between the members of the committee, so it is not strange that when the report comes to the house there should be some parts of it to which hon. members may object. But I submit that this report, presented by a committee representative of the three distinct groups in the house, is a much better report than could have been brought forward by any one of the three groups. In other words, I think it is a better report than could have been brought in by the four Conservative members of the committee; I think it is a better report than could have been brought in by the two Liberal members of the committee, and I am almost convinced that it is as good a report as could have been brought in by the Labour member.

The principal objection appears to be to section 25, which excludes from the jurisdiction of the Civil Service Commission postmasters where the revenue is under $3,000. It might be well to note that at one time all revenue postmasters came under the Civil Service Act, but the Civil Service Commission asked that those receiving under $400 should be excluded from the operations of the act. The recommendation of the committee on this occasion is brought forward largely because of the evidence given by officials of the Post Office Department. In my opinion the Post Office Department made these recommendations not because they had any great fault to find with the appointments made by the Civil Service Commission, but because of the delay and expense contingent upon appointments so made. Let me quote from the evidence of Mr. Underwood. From his evidence I take it that there is no great objection to the Civil Service Commission making these appointments, but it is felt that in view of the number of dismissals leading to a great many appointments, more expedition is desirable. If something were done to curtail dismissals there would be very little objection to the appointment of postmasters by the commission. Answering a question by myself, he gave the following information. I asked him:

Q. You do not hear so much about the appointment as about the dismissals?—A. There, you put your finger on the sore spot. If you could do something to assist in that matter you would be our everlasting friend.

Further on, I asked him this question:

Q. How are those appointments made now? —A. By the Postmaster General, whichever way he determines.

This refers to post offices under $400. He went on to say:

He may get information from whichever source he deems advisable. He may use the district superintendent, or he may not.

Q. And is that appointment quite satisfactory?—A. Perfectly satisfactory. We have never had any trouble in regard to that. We have less trouble in regard to those than any others. You touched the point this morning when you touched on dismissals. There is where the trouble comes, not in the appointments. We have no trouble with regard to appointments.

Further on, I asked him the following question:

Have you any suggestion to offer as to any improvement in that? Supposing that we assume that the appointment can be made better by the Postmaster General or by the department?

His answer was:

Just as well, not better, just as well, but more economically.

As regards these appointments, it seems to me that the whole point is this, that they can be made more expeditiously and more economically by the department than by the commission. But in saying that I must add that in my opinion the department is largely to blame for the delays with the commission in making the appointment.

I do not wish to go into every part of the report, and I will only say this, that most of the shortcomings of the present Civil Service Commission are due to the way in which the commissioners themselves are appointed. You cannot have a politically-appointed commission without its being somewhat under the influence of those who appointed it, and if the present government, in appointing the new commission, wishes to have one that will

function in the best manner possible, it will have to take due care that no taint of political partisanship shall attach to the appointment. How that can be accomplished I do not know, but I am sure that if the government desires to have it done it can find a way. As I said before, the report is not perfect, but generally speaking I regard it as a very good report, although looking from this perspective at the amendment offered by the hon. member for Bow River, I will not say that it would not be an improvement on the committee's report.

Mr. J. L. BROWN (Lisgar): It is not my intention to delay the house discussing the report generally, because I shall have little or nothing to say except with regard to section 25. My remarks will be confined to that section, which is the subject of an amendment proposed by the hon. member for Bow River. It is to me a matter of regret that that recommendation has been embodied in the report. I cannot help feeling that were that recommendation to be adopted it would be a retrograde step.

Unquestionably there have been some things about the Civil Service Commission and about the way in which they have carried out their duties that are open to criticism and that have been the subject of common knowledge for years past. At the same time it does not seem to me to be the proper way of remedying that difficulty to take such action as is suggested in the report. The hon. member for Shelburne-Yarmouth (Mr. Ralston) has already pointed out, very completely and comprehensively, I think, the objections to that report, both as regards the men who already occupy positions which are involved and as regards the procedure that would be followed when those positions came to be filled again. While undoubtedly the method pursued in the past has occasioned some labour and extra work to some of the officials whose names have been mentioned in connection with the report, it does not seem to me that this is any good reason why that should be taken into consideration. Nor do I think that the distinction is well founded which the hon. member for West York (Mr. Lawson), who has moved the adoption of the report, has tried to draw. That distinction does not appeal to me at all. The hon. member for Shelburne-Yarmouth has discussed it from the legal aspect, but as a layman I look at it from the point of view of ordinary common sense, the way in which the average man in the country will look at it. I do not think that the average man will be disposed for a moment to draw that very fine distinction which the chairman of the committee has drawn in the matter.

I took occasion yesterday to ask the government, whom I thank for their courtesy, to bring down, in order that we might have it at this discussion, a statement of the number of postmasters in cases where the revenue would be less than $3,000 and those where it would be in excess of that sum. The figures given me are these: number of post offices with revenue under $3,000, 11,021; number of post offices with revenue over $3,000, 1,404. That makes a total of 12,425. I am quite well aware that of the 11,000 mentioned as having revenue less than $3,000 a very large number are in the class of $400 and less. I regret I did not ask the Postmaster General to furnish the figures to show exactly the number of men who would be affected by this change.

Mr. ERNST: Upwards of 7,000 are under $400.

Mr. BROWN: I understand that only about 7,000 or 8,000 are under the $400 mark, so we have left between 3,000 and 4,000 who will be affected by the change. That is by no means an inconsiderable number. If in the future practices are followed which have been followed in the past by both political parties—and I am making no distinction at this moment—those 3,000 or 4,000 appointments will be within the gift of the defeated member in the constituency. Speaking personally, I cannot understand why members of parliament or defeated members of parliament wish to assume that responsibility. It seems to me they are taking upon themselves something which can be nothing but an increased burden. I think there are perhaps very good grounds for exempting from the operations of the act post offices with revenues under $400. On many occasions my experience has been that I have had to try to find men to take the offices. On two or three occasions I put myself to a great deal of inconvenience and expense in order to advise the department concerning people who would accept.

I do not wish to continue the discussion at any great length, but I hope when the vote is taken on the amendment moved by the hon. member for Bow River (Mr. Garland) that this house will state in no uncertain terms that it does not purpose taking a retrograde step. I know there are hon. members on both sides of the house who conscientiously believe that the proposed change would be for the benefit of the service and the country. There are some of us, however, who just as strongly hold the view that the proposed change would be a retrograde step, and for my part I shall vote—

[Mr. MacInnis.]

and I wish I could vote many times—in favour of the amendment of the hon. member for Bow River.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, as one of the members of the civil service committee may I join with the other members of the committee who have preceded me in expressing my appreciation of the harmonious manner in which its deliberations were conducted.

After listening to the discussion this afternoon it might seem that had it not been for clause 25, the report would have been accepted by the house without comment. My experience teaches me, however, that if clause 25 had not appeared in the report, hon. members would want to pick holes in some other part of it. The report having been unanimous, hon. members must realize that there was a certain amount of compromise amongst members of the committee. As my Liberal colleague has pointed out, undoubtedly had the report been drafted by the two Grits one might have expected a better report. Had we left it entirely to the member from British Columbia I do not think it would have been accepted at all. It was useless, therefore, even to anticipate a report coming either from my friend from Ottawa and myself or from the Labour member. However, we did agree on the report now before the house, and agreed because there was a give and take attitude. In view of the amendment proposed by the hon. member for Bow River I think members of the committee should be left free to give expression to their views regarding it. This afternoon I entered the house prepared to give my solid support to the report. If in its wisdom the house sees fit to amend it, I am prepared to submit to its better judgment.

Undoubtedly the outstanding features of the whole investigation centred around the personnel of the Civil Service Commission itself. I agree with the remarks of the hon. member for Ottawa (Mr. Chevrier), and I think if hon. members were to scan the evidence submitted before the committee they would find that probably there is only one ground upon which we might arrive at the conclusions that we did regarding the three commissioners. Probably Commissioners Tremblay and MacTavish in the exercise of their duties could be accused—at least the evidence proves to me—only of not exercising the discretionary and statutory powers vested in them. There is no other part of the whole evidence which would suggest to me any reason why the treatment meted out to them should have been suggested.

Apparently, as I have said, the whole objection to the report centres around section 25. I was expecting that the government would be in a position to accept the amendment proposed by the hon. member for Bow River. May I point out to the house, however, that no matter what is contained in the report, whether hon. members decide to do away with the present personnel of the commission or decide to have one, two or three commissioners, the act distinctly states that there shall be no more than three; otherwise the responsibility as to the number is left with the government.

Another feature of the report which has not been discussed is the recommendation that a select special committee of the house be appointed from year to year to make a yearly survey of the operations of the Civil Service Act and the Civil Service Commission. Suppose we allowed clause 25 to go through, and in time it were found that it did not work as some members of the committee and some hon. members of the house believe it will, with the safeguard suggested in the report the condition could be remedied.

After a careful examination of the evidence submitted to the committee I think any person who views the matter with an unbiased mind will admit that it had grounds on which to make its recommendation—and I am not excepting clause 25. I have been a member of this house since 1925, and as such have sat on many committees. In my experience I have met a good many commissioners, but at no time did I have any personal knowledge of or acquaintance with any of the three civil service commissioners. I met Commissioner Tremblay on one occasion before he became a member of the Civil Service Commission. Therefore I went into that committee unbiased against either the commission or the service. I can assure the house it was an eye-opener to me to sit in on that committee and to investigate the matters which came before us. It gave me an insight into the operation of the Civil Service Act that I do not think I could have acquired in any other way. I am still of opinion that, without the amendment, we could have tried out the recommendation contained in clause 25, because it was based on evidence of those who are unbiased and unprejudiced, officials of the department who are looking just as much as you or I to the efficiency of that department. One thing revealed to our committee was that probably only once in a thousand times was the deputy head of a department not satisfied with an appointment. This proves conclusively that the deputy head of each

department of government is always considered and consulted before an appointment is made. If you go a little further into the evidence you will find that one deputy head, appearing before the committee, pointed out definitely that on more than one occasion, when the eligible list was handed to him, he discarded the whole list and suggested to the commission that they compile another. On one occasion he discovered two eligible lists, and then sought to have the appointment made directly by the commission.

Mr. BROWN: Were these postmasters?

Mr. VALLANCE: No, other departments of government.

Mr. BROWN: That is not the question involved.

Mr. VALLANCE: What I am trying to show is that only once in a thousand times is an appointment made to any department of government that does not meet with the approval of the deputy head. The same thing will apply regarding the appointment of postmasters in offices having a revenue of $3,000 or under. While some people might be a little alarmed about the preference that is extended to returned men, I question if there is one member of parliament who, if the responsibility were given to him to appoint those postmasters, would not give the same consideration and preference to the returned man as we do at present in the case of those little positions that we are asked to fill, because there is no better way to fill them than through the member. There are 245 members of parliament, so that, assuming there is an equal number of positions in each constituency, we would each be responsible for about twelve such postmasterships. I say quite frankly that I am not looking for the responsibility of nominating my share. We are basing clause 25 merely on the evidence submitted before the committee. When I became a member of it, I stated that I would not support anything which was not borne out by the evidence adduced before it. We can find ample support even of clause 25 in the evidence submitted by those who, I think, are looking for greater efficiency within the Post Office Department.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member for South Battleford (Mr. Vallance), who has just taken his seat, was good enough to suggest that the government might accept the amendment. Because of that observation I think it is desirable that I should state what I conceive the position to be.

[Mr. Vallance.]

In the month of March a committee of this house, consisting of seven members, was selected to deal with the matters with which we are now all familiar. A unanimous report was made by that committee. I for one feel that the house is to be congratulated upon the fact that seven of its members, professing political allegiance to three, or perhaps four parties, should have been able to arrive at a unanimous conclusion with respect to the matters submitted to them. If this were an ordinary matter in which a jury, having seen the witnesses and heard their testimony, had come back with a unanimous verdict, we would have accepted it without question, assuming there had been no misapprehension as to what the law was as expressed to them by the judge who charged them.

In this case I have followed the proceedings only casually; I know what transpired from day to day and I am fairly familiar with the evidence. That unanimous report induced me to believe that the House of Commons was a unit with respect to the matter, and the conclusions at which the committee had arrived were the deliberate conclusions which it was believed the evidence warranted the committee in finding. The hon. gentleman who has just taken his seat confirms that view, as also did the chairman of the committee (Mr. Lawson), who moved concurrence this afternoon. There is therefore a measure of non-partisanship about the proceedings of the committee. I was much struck by the statement of the hon. member who has just taken his seat that when he went into the committee room he was not even acquainted with some of the members of the commission. The whole approach seems to have been non-partisan. There do not appear to have been those manifestations of party feeling that characterize some committees, and there seems to have been a measure of high regard for established rules, procedure and practice in the conduct of the business of the committee. When I heard the report read, I was pleased, as, I fancy, were other members, to see that in these days of stress and strain seven members of our number had unanimously arrived at conclusions which were rather drastic in some respects. When I heard them I confess I was surprised that with regard to some of them the members of the committee were unanimous.

Under these circumstances, so far as the government are concerned, we assumed that the unanimous judgment of the committee would be unanimously adopted by the house. Such appears not to be the case. In view of that fact I rise merely to say it is my earnest wish that those who support the government,

will exercise their own personal judgment, regardless of their political affiliations, in voting on this matter. It would be wholly unfair to a committee that has laboured as hard as has this committee, if the government were to apply, in the words of English parliamentary practice, the whip with respect to the matter. After listening to the speeches that I have heard and to the expressions of tender solicitude for others that so characterized the language of the hon. member for Shelburne-Yarmouth (Mr. Ralston), I made up my mind that what I have suggested was only fair to those who had given so much time to this question, who have earnestly and, I believe, honestly laboured to bring about a unanimous report, and who, having succeeded in securing that unanimous report and having presented it to the house in that sense, now because of circumstances over which neither the government nor they have any control, find themselves thrust into a debate which was not expected and which has no doubt embarrassed some of them. I am sure, had I been a member of the committee and been confronted with the situation which has arisen this afternoon, I should likewise have been embarrassed. Therefore I desire to suggest as strongly as I can that each member who sits to the right of the Speaker should exercise his own unfettered and untrammelled judgment in voting either for concurrence in the report or for the amendment now before the house.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, like the Prime Minister I felt this afternoon that the house was to be congratulated upon having for the second time this session received from a special committee a unanimous report. I confess that on coming into the house this afternoon I expected the proceedings would be similar to those witnessed yesterday, when the adoption of the report of another special committee was moved by its chairman, who made a statement which I am sure appealed to all who heard it as broad, tolerant, and devoid of a partisan spirit. He was replied to in a similar vein by an hon. member on this side, who also was a member of the special committee. This afternoon, however, listening to the chairman of the committee whose report we are now considering, I confess that I became more and more surprised as he delved into pages of evidence with a view to extracting here and there what might appear to be a reflection upon some individual who was other than a member of his particular party. I hope I am not going too far when I say that such was the impression pretty generally conveyed, at least to those of us who sit on this side of the house; and such debate as has arisen has taken place in consequence of that circumstance. It would be amazing if in reviewing a field as wide as that which has been reviewed by the special committee dealing with the administration of the whole civil service there were not found here and there evidences of limitation of discretion, judgment, and the like. I venture to say that if all of us were obliged to review our own acts of the past year there are many things that we should be pleased to eliminate and regard as more or less in the nature of shortcomings. Sometimes we become very critical when we are reviewing the acts of others, and perhaps we are not sufficiently critical in regard to matters that come a little nearer home. Certainly that attitude did affect the temper of the house this afternoon and led, I believe, to the discussion which has taken place.

I believe the report would have been accepted without question had the debate not been provoked in the fashion indicated. I think hon. members generally would have been prepared to allow at least a year to experiment, if I may use that word, with this clause which has provoked so much in the way of discussion, particularly as its operation was being safeguarded, as has been pointed out by members of the committee, by the proposed appointment of a select committee of the house with full power to make hereafter such recommendations as it might think best with respect to the operation of the clause. But now that the debate has taken place it is evident that there are definite reasons for questioning the wisdom of inserting that clause at the moment. I agree with the Prime Minister—I am always happy for a chance to agree with him, and perhaps happier still when he agrees with me, although that is very seldom—that in the circumstances it is only right that notwithstanding the report is unanimous, hon. members should exercise their own individual discretion and judgment in voting upon this amendment.

I have already said in speaking of civil service matters that what I saw of the operation of the Civil Service Act during the time I had to do with the administration of public affairs led me to believe that with regard to many of the minor positions it would be quite as much in the public interest that the member of the house, who is responsible to his own constituency, should have the nomination and the responsibility for appointment, with a body such as the Civil Service Commission always determining, before any appointment, that the individual nominated has the necessary qualifications. I thought

there was nothing particularly to be gained, from the point of view of merit, in giving to a body of gentlemen who had no knowledge whatever of the persons they were selecting, the power to choose individuals for positions in the outside service of very small remuneration. The remuneration limit which has been recommended in this case for purposes of exemption goes higher than I would have been prepared to go, but with regard to eliminating a number of the minor positions from the requirement of examinations I have long felt that it was in the public interest that the responsibility should be exercised rather by the member for the constituency than by a group of gentlemen who could not possibly know anything about the qualifications of the individuals, and who could not, in the very nature of things, through an examination, find out who was likely to be the most acceptable person to the community he was to serve. I say that just to indicate the sympathy I have with those who are prepared to support a motion to eliminate a certain number of positions from the operation of the Civil Service Act.

With regard to the broad principle of merit as a basis of entrance into the civil service and of qualification for remaining there, there is no doubt of any kind in my mind; I am wholeheartedly behind the merit system. On account of the limit that has been set in the particular recommendation with regard to postmasters, I shall support the amendment before the house, but I should like every member on this side of the house to feel wholly free to exercise his own judgment with regard to the vote which he may cast.

Mr. J. EARL LAWSON (West York): May I crave the indulgence of the house for just two or three minutes in view of the observations of the right hon. leader of the opposition (Mr. Mackenzie King)?

Mr. VENIOT: Is the hon. member closing the debate, Mr. Speaker?

Mr. SPEAKER: He has the right to speak to the amendment.

Mr. LAWSON: I am speaking to the amendment. Believe me, it was not with a desire on my part to engender any partisan spirit in the consideration of this committee's report that I mentioned to the house this afternoon one or two instances in connection with the evidence. My information was contrary to that of the right hon. leader of the opposition, as I was informed that an amendment would be moved with respect to clause 25 of the report, and I knew of no better way than I took in which to bring forcibly to the attention of the hon. members of this house the impossibility, as I saw it, of appointing revenue postmasters on a merit system with the limited means which were at hand to perform that task. It was with that object in view that I made those references. I extracted them in speaking to clause 25 of the report, and the result has proven that my information was correct and the impression of the right hon. leader of the opposition in error, because no sooner had I taken my seat than the hon. member for Bow River (Mr. Garland) was upon his feet moving the amendment.

Might I be permitted to mention just one other thing, because I feel it would be improper for the hon. members of this house to be called on to vote with a mass of what I consider misinformation before them. I have great respect for the legal ability of the hon. member for Shelburne-Yarmouth (Mr. Ralston) but I am entirely at a loss to understand the basis on which he propounds the argument that revenue postmasters were civil servants in the ordinary sense.

Mr. RALSTON: I have not said that, so my hon. friend need not set up that straw man to knock it down.

Mr. LAWSON: If I gathered correctly the argument of my hon. friend, he was endeavouring to demonstrate to the members of this house that certain protections which revenue postmasters now have under the Civil Service Act were being removed from them by the adoption of this clause. Therefore, sir, I feel it incumbent upon me to point out to the house, first, that every civil servant is required to give his full time to the service under the statute. That is not so with respect to revenue postmasters.

Mr. RALSTON: Might I interrupt just to call attention to the fact that I particularly differentiated between civil servants and those who have the protection of the Civil Service Act?

Mr. LAWSON: All right. Then with respect to those who have the protection of the Civil Service Act I invite the attention of the house to the fact that no civil servant having the protection of the Civil Service Act can be dismissed except by order in council, but revenue postmasters are dismissed by the Postmaster General under the provisions of section 7, paragraph (b) of the Post Office Act, which is contained in the revised statutes of Canada, 1927.

Mr. VENIOT: Read it.

Mr. LAWSON: I need not read paragraph (a), but section 7 (b) reads:

The Postmaster General may, subject to the provisions of this act,

(b) remove or suspend any postmaster or other officer or servant of the post office.

I think that is amply clear.

Mr. VENIOT: Read a little more.

Mr. LAWSON: That is all it says.

Mr. RALSTON: My hon. friend knows that the practice has not only grown up but has been approved by order in council whereby that power is not exercised without investigation or without a certificate of a member of parliament to the effect that to his personal knowledge an officer has been guilty of partisanship.

Mr. LAWSON: That is what makes the difference between a revenue postmaster and any civil servant entitled to the protection of the Civil Service Act. It was because revenue postmasters and certain others could be dismissed by the Postmaster General under that provision that the government of which my hon. friend from Shelburne-Yarmouth was a member passed order in council No. 1467 on the 22nd of July, 1922, whereby they provided the ways and means of the investigation which must be had before the Postmaster General exercises his right under that act.

Mr. SPEAKMAN: Does the section quoted extend only to revenue postmasters, or does it include other officers and servants in the post office service?

Mr. LAWSON: No. In my opinion no full-fledged civil servant within the terms of the Civil Service Act can be dismissed except by order in council.

Mr. RALSTON: There is no such animal under the Civil Service Act.

Mr. SPEAKMAN: Perhaps the hon. gentleman did not catch the full import of my question. In the section is there a difference made between revenue postmasters and other servants and officials who are mentioned as being subject to dismissal under those terms?

Mr. LAWSON: If my hon. friend is referring to the statute which I read, there is not.

Mr. RALSTON: No.

Mr. LAWSON: If my hon. friend is referring to the order in council which I mentioned, there is not.

Mr. SPEAKMAN: I am referring to the section of the act.

Mr. LAWSON: So far as the section of the act is concerned, I do not find therein any specific distinction between revenue postmasters and others therein named who are in the postal department.

Mr. RALSTON: Hear, hear.

Mr. SPEAKMAN: They are all under the same conditions, then, so far as that is concerned.

Mr. LAWSON: Those who come within the provisions of the Post Office Act. But I would call to the attention of the hon. member for Red Deer that under a section of the Civil Service Act—the number of which I do not recall at the moment—certain employees of the Post Office Department are included under the act, and once they are so included they cannot be dismissed except by order in council.

In conclusion, Mr. Speaker, may I say that I have no desire to enter into a discussion on points of law with my hon. friend from Shelburne-Yarmouth. So far as your committee are concerned, we had come before us the Postmasters' Association, who asked that they be taken under the Civil Service Act so that they might have its benefit and might not be dismissed by the Postmaster General.

An hon. MEMBER: Did you have any members of parliament come before you?

Mr. LAWSON: We should have been very glad to hear from any hon. members.

An hon. MEMBER: You did not ask anybody.

Mr. VENIOT: May I ask the hon. chairman of the committee—I know he would like to give the information—if the representatives of the Postmasters' Association suggested to the committee that those receiving $3,000 a year and upwards be placed under the Civil Service Commission to the extent that they would be classified as to salaries?

Mr. LAWSON: My recollection is that they did not, but that they asked to be included for all other purposes. May I say that the Postmasters' Association alleged that they did not have the protection of the Civil Service Act; officials of the Post Office Department who are charged with its administration alleged that those revenue postmasters were not under the provisions of the Civil Service Act; and those members of your committee

who are lawyers came to the conclusion that such revenue postmasters were not under the provisions of the Civil Service Act.

The house divided on the amendment (Mr. Garland, Bow River) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bothwell,
Brown,
Bury,
Butcher,
Cardin,
Carmichael,
Coote,
Denis,
Donnelly,
Dumaine,
Dupuis,
Elliott,
Euler,
Fafard,
Ganong,
Gardiner,
Garland (Bow River),
Gershaw,
Girouard,
Gray,
Hall,
Hanson (Skeena),
Heaps,
Ilsley,
Irvine,
King, Mackenzie,
Lacroix,
Lucas,
Luchkovich,
MacLaren,
MacLean,
McKenzie (Assiniboia),
McMillan (Huron South),
McPhee,
Mitchell,
Motherwell,
Neill,
Perras,
Ralston,
Reid,
Roberge,
Sanderson,
Séguin,
Speakman,
Spencer,
Stewart (Leeds),
Stitt (Selkirk),
Totzke,
Veniot,
Weir (Macdonald),
Young.—55.

NAYS

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Belec,
Bell (St. John-Albert),
Bennett,
Bourgeois,
Bowen,
Bowman,
Brasset,
Cantley,
Chaplin,
Charters,
Chevrier,
Cormier,
Davies,
Cowan (Long Lake),
Deslauriers,
Dickie,
Duff,
Duguay,
Duranleau,
Edwards,
Ernst,
Esling,
Fortin,
Fournier,
Fraser (Cariboo),
Gagnon,
Gobeil,
Gordon,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Hay,
Johnstone,
Laflèche,
Laurin,
LaVergne,
Lawson,
Loucks,
Macdonald (Kings),
Macdougall,
MacNicol,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Myers,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Power,
Price,
Quinn,
Rhodes,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spotton,
Sproule,
Stinson,
Stirling,
Stitt (Nelson),
Sutherland,
Swanston,
Tétreault,
Thompson (Simcoe East),
Tummon,
Vallance,
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wright.—92.

Mr. HEENAN: I was paired with the hon. member for Digby-Annapolis (Mr. Short). Had I voted I would have voted for the amendment.

Mr. CAYLEY: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted I would have voted for the amendment.

Mr. MERCIER (Laurier-Outremont): I was paired with the hon. member for Toronto South (Mr. Geary). Had I voted I would have voted for the amendment.

Mr. GARLAND (Carleton): I was paired with the hon. member for Russell (Mr. Goulet). Had I voted I would have voted for the report.

Mr. MALCOLM: I was paired with the hon. member for East Kootenay (Mr. Stevens). Had I voted I would have voted for the amendment.

Mr. JACOBS: I was paired with the hon. member for Toronto-Scarborough (Mr. Harris). Had I voted I would have voted for the amendment.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted against the amendment.

Mr. TAYLOR: I was paired with the hon. member for Brantford City (Mr. Ryerson). Had I voted I would have voted for the amendment.

Mr. RHEAUME: I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted for the amendment.

Miss MACPHAIL: I was paired with the hon. member for North Grey (Mr. Porteous). Had I voted I would have voted for the amendment.

Mr. SPEAKER: The question now is on the main motion.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I should like to say one word on the motion, because I want clear on the record the contention which I have endeavoured to make and which I am afraid I did not get across to my hon. friend the chairman of the committee. I point out—and I think I am correct—that all these postmasters with whom we are dealing, whom we propose to take from under the Civil Service Act, are under the Civil Service Act at this moment. I point out that the section of the Post Office Act, which gives the Postmaster General the right of removal, makes no distinction between revenue postmasters and any other kind of postmasters, and is no argument whatever in support of the contention that revenue postmasters are to be dealt with on a different basis and are not under the Civil Service Act.

I also pointed out that the Civil Service Act classification, authorized by parliament, contains a classification for revenue postmasters. I doubt very much if the postmasters have thought they were not under the Civil Service Act. They were appointed by the procedure laid down under the act, and they are under the act, according to the classification which was approved by parliament and which is in effect to-day. I think that the act they wanted to be brought under was another act altogether—the Civil Service Superannuation Act. I point out also that the present practice in connection with dismissals from these positions applies both to those who may be dealt with under the Post Office Act and to those who may be dealt with by order in council under the Civil Service Act, and, as I stated a few moments ago, that practice is that there must be an investigation and an adverse finding by a commissioner or a certificate by a member of parliament to the effect that to his personal knowledge there has been partisan work, which I think is the exact wording of the act. I point out also that if these positions are under the Civil Service Act—and there is no doubt about that under the classification—they are entitled to returned soldier preference and that the passing of this resolution takes away from returned soldiers the statutory preference they have hitherto enjoyed with regard to these 3,500 positions throughout this country.

Some hon. MEMBERS: How?

Mr. RALSTON: Because it no longer applies; they will be excluded from the Civil Service Act by order in council, that is all.

Some hon. MEMBERS: Why not?

Mr. RALSTON: Because they are taken out from under the Civil Service Act; the very words of the recommendation are to that effect. Let me point out this further to my hon. friend; in a moment we will vote on the main motion, the first part of which is that these positions be taken out from under the Civil Service Act; that is to say, they are to be put under order in council P.C. 1053, which expressly excepts them from the Civil Service Act. The second part of the committee's recommendation is that postmasters in offices which have a revenue of more than $3,000 shall be "within the full operation of the Civil Service Act." I point out to my hon. friend that the postmasters who came down here asking for a concession in connection with offices having a revenue of $3,000 and over will not get very much if this is all they are to get, because already they are under the Civil Service Act. What they really want is to be under the Civil Service Superannuation Act, and that matter is not dealt with in this report at all. My hon. friend does not seem to be able to make that distinction. Revenue postmasters to-day have every right under the Civil Service Act, but they have no rights under the Civil Service Superannuation Act. The one thing denied them is superannuation, and that is the one thing these postmasters in offices where the revenue is over $3,000 want, and this committee report only leaves them where they were, namely under the Civil Service Act.

May I point out to my hon. friend that the difficulty between us has arisen entirely because he has failed to apprehend that there is a Civil Service Act which applies to each of these postmasters in offices with a revenue of $400 and up and there is a Civil Service Superannuation Act which applies to none of them but under which the postmasters in offices having a revenue of more than $3,000 would like to get.

Hon. P. J. VENIOT (Gloucester): Before we vote on this motion I should like to get some further information from the chairman of the committee.

Mr. SPEAKER: May I point out to the hon. member that we are not in committee and that no hon. member has the right to interrogate another simply because he happened to be chairman of a committee.

Mr. VENIOT: Very well; I can lay my question before the house. Surely there is nothing to prevent my doing that.

Mr. SPEAKER: The hon. member has the full right to address the house.

Mr. VENIOT: Then I will lay this question before the house, and perhaps somebody will be able to explain it. I should like to know the meaning of this recommendation:

Your committee further recommends that such amendments be made to the Civil Service Act and/or the regulations thereunder of the Civil Service Commission so that postmasters hereafter appointed to revenue post offices having a revenue in excess of $3,000 per annum shall be within the full operation of the Civil Service Act.

I am at a loss to know what that means. Does it mean that postmasters in offices having a revenue of more than $3,000 will come under the superannuation act?

Mr. ERNST: It means that they will get a salary and will come under the act.

Mr. RALSTON: The act does not provide for that.

Mr. VENIOT: It means that they will get a straight salary, not based on revenue?

Mr. ERNST: That is right; a class B office.

Mr. VENIOT: Then they will be in a better position than postmasters are in at present, until they come under class 2B of the Post Office Department classification. The postmasters referred to in this section are now under the Civil Service Act. Positions from $400 per annum, revenue and up to a salary figure which brings the position automatically under the straight salary system, come under post office classification 2B. Under 2B post offices can be placed under the straight salary only when they reach a certain revenue based upon population, etc.; that is the practice. And when they attain that revenue, based on population, they automatically come under the straight salary system. Once they come under classification 2B they at once become entitled, though they were still under the act before they reached that point, to all the benefits under the Civil Service Pension Act, which is an entirely different statute. The Civil Service Commission therefore fixes the salaries, and for the first year under class 2B the postmaster gets $2,040 a year, his salary being gradually increased year by year, as provided for under the civil service salary classification. No postmaster in the past, in offices with revenue from $400 and upwards, could be appointed to an office if there was a vacancy, unless the commission advertised it. The commission had to advertise it, and not the Post Office department. When the vacancy was advertised and applications were received, they were forwarded to the Civil Service Commission. The commission notified the Post Office Department that such and such applications had been received and would then request the department to send an inspector or superintendent or other qualified official to interview the applicant and report back to the commission. The report came to the Post Office Department first, was reviewed there and then sent on to the Civil Service Commission. So that every appointment made to a post office with an annual revenue of $400 a year came directly under the Civil Service Act, with the exception that they did not come under it for the purpose of pension and other privileges. Therefore anyone who says that revenue postmasters are not under the act is mistaken. If they are not, why should this committee recommend that they be removed from the operation of the act? Yet that is what is recommended. They recommend that these postmasters be taken from under the operation of the act. They admit themselves, by the report, that such postmasters are under the act, and the reference made by the chairman of the committee to that section of the Post Office Act which gives power to the Postmaster General to remove or to suspend any postmaster or other officer or servant of the post office does not apply in the way the chairman has explained it to the house, because by an order in council which will be found here and which, under the Post Office Act, has equal force with and becomes part of the statute, it is declared how these postmasters, under the Civil Service Act, shall be governed. That order in council was passed in 1922. The Civil Service Act provides that any civil servant who participates in partisan politics shall be dismissed, and the interpretation placed on that was that all postmasters, notwithstanding what the revenue might be, were under the civil service. In 1922 or 1923, however, the Civil Service Commission recommended to the government that postmasters in rural offices with a revenue under $400 a year should be removed from the operation of the act.

Mr. LAVERGNE: How?

Mr. VENIOT: By order in council.

Mr. LAVERGNE: Could an order in council amend the law of the country, if the facts were as the hon. gentleman has stated?

Mr. VENIOT: No order in council can amend any law, but the statute provides that when the Civil Service Commission shall recommend to the governor general in council that such and such a classification shall be removed from the jurisdiction of the commission, then the order in council becomes effective. It is provided for under the statute.

Now, as to the reasons for dismissals, there seems to be a wrong impression among hon. members. The hon. member for Shelburne-Yarmouth (Mr. Ralston) gave some of the reasons, but he did not give them all. There is reason for dismissal upon inspection or examination by post office officials into the administration of the office by a postmaster. The Postmaster General has power to order an investigation on complaint made, and that investigation, under the regulations applying thereto, must be made by an official of the Post Office Department and not by an outside investigator.

An hon. MEMBER: Carried.

Mr. VENIOT: That voice is a little rough to-night; you had better grease it a little. The Postmaster General then has power to suspend or to dismiss, even in the highest salaried offices in the country. If this section of the report, to which I have referred, means that revenue postmasters in offices of over $3,000 are going to be placed under the straight salary system—and I understood that the officials of the department indicated that it was the intention of the Post Office department so to proceed—they will have to proceed by a change in the act. I wonder whether the commission has considered what that would mean. It makes this difference. If these men are placed under straight salary, on the basis of $3,000 revenue, then the government will have to employ whatever help or assistance they require. Where a revenue postmaster to-day is paid on a salary and commission basis, his salary being $100 and his commission being on receipts and so forth, he employs his own help; and because that help is not permanent, so far as he is concerned, he can get it more cheaply than the department can. On the straight salary he is placed in classification 2B, and the Civil Service Commission will have to fix the salary of the postmaster, who is on a salary and commission basis, and fix the salary of his assistant. The chairman of the committee stated that postmasters in rural districts or in low revenue offices were not obliged to be on permanent duty. In that my hon. friend is wrong; when they make that statement the whole committee is wrong. The hours of those postmasters are from 7 or 8 o'clock in the morning until 8 o'clock at night.

Mr. LAWSON: The hours of the office.

Mr. VENIOT: The office must be kept open, and someone must be there.

Mr. LAWSON: Not necessarily the postmaster.

Mr. VENIOT: He is the responsible person. I wonder if the janitor would be left in attendance. The postmaster must be there, or have a paid assistant in attendance. The impression left with the public that because these men are not permanently in attendance they should be thrown to the political wolves is quite wrong.

The committee was appointed to investigate the operation of the Civil Service Act, not only as it affected the Post Office Department, but its connection with every department of the government. Why has the committee singled out the Post Office Department for a change? If I believed that hon. members opposite were honest in their attempts in 1929 to show that I was so embittered that I was prepared to upset the whole Civil Service Commission, I might very well ask them to-day this question: How is it that because at that time I discussed and criticized the system of the Civil Service Commission—not the work of the men, but the system—that I was accused by hon. members opposite of wishing to destroy the commission? I recall my criticism in 1929 was based on some of the very reasons contained in the report now before us. At the time I said the system of classification was bad, that the Civil Service Commission did not have the qualifications to classify for promotions within departments, and that that duty should rest on the officials of the department, or those in charge of the branches in which the promotions were to be made. Hon. members of the committee now agree with my contention. Yet at that time I was declared to be one of the worst enemies of the Civil Service Commission and the merit system that Canada had known for a good many years. To-day I see before me the justification for the stand I took at that time, to-day I have sweet revenge.

Some hon. MEMBERS: Oh, oh.

Mr. VENIOT: Yes, it is sweet revenge to see hon. members opposite swallowing everything they threw out against me a few years ago.

I am going to vote, Mr. Speaker, against the report, although I believe the members of the committee were honest, and that they did all they could with the material placed before them. I suggest, however, that they did not go far enough in getting material. They should have explained in their report and should explain to the house why they singled out the Post Office Department and let other departments go by the board. The power is given the Civil Service Commission—

Mr. PRICE: When did you observe them?

Mr. YOUNG: When he was postmaster general.

Mr. VENIOT: One thing is sure, if I did not observe what the hon. member refers to, there is one thing I did observe, namely a little decency in my conduct in the house.

Mr. PRICE: Oh.

Mr. VENIOT: Now, sir—

Mr. PRICE: Do you observe your own record?

Mr. VENIOT: I would not like to observe yours.

Mr. PRICE: You had better observe your expenditures and political activities in the province of New Brunswick.

Mr. VENIOT: Oh, sit down.

Mr. PRICE: You had better observe yours. Oh, you are good.

Mr. VENIOT: I beg the pardon of the house for listening to the interruption of the hon. member. Under the powers given the Civil Service Commission to recommend to the governor in council what positions shall be taken out of or placed under the jurisdiction of the commission, they recommended at the time they sent in their recommendations touching the Post Office Department that a certain number of positions in other departments be taken out. Why did the committee not consider those other departments? They may give the excuse that they could not do so on a revenue basis. Probably not, but it could have been done on a salary basis. Formerly postmasters were put on salaries of $200. On the basis of the revenue they brought in they were placed either beyond or within the control of the civil service commission. In 1926 parliament reduced the postage rate on letters from three to two cents. In view of the reduction in revenue and the hardships caused thereby, an order in council was passed whereby postmasters' commissions were lessened, and their rentals based on revenue lessened. In order to do justice to them the government passed an order in council by which the commission of rural postmasters would be based upon the revenue of the office prior to the introduction of the reduction in postage from three to two cents. That has stood ever since, and it is on that basis that they were paid their commissions until December last when that order in council was rescinded. Now the postmasters are paid simply and only upon the actual revenue received from year to year.

If the committee had gone into other departments and made similar recommendations in regard to them I might see some justification in their action. If I am to believe the report, and if I judge properly from the speeches made this afternoon, I would conclude they have made the change in the Post Office department because they were informed by the chief officials thereof that the work of the department would be lessened. Knowing these officials as I do, I can hardly credit that they would give that as a sufficient reason for placing those men outside the jurisdiction of the Civil Service Commission, because it must be recognized that their work in the department will be far greater under this recommendation, if it is carried out, than it could have been with those men under the commission. I have faith in the Civil Service Act; I have faith in the merit system, and if in their investigation the committee found anything wrong, why did they not indicate what it was? Why did they not give the real reason that actuated them in making that report? The fact that some of the officials of the Civil Service Commission or of the Post Office Department may have gone astray, may have made mistakes in classification, may have allowed themselves to be influenced by political pull, is no reason why the civil service commissioners should be thrown out of office without the committee giving the public the real reason for which they were put out. During my term of office as Postmaster General, a period of four years—

An hon. MEMBER: How many did the hon. member dismiss?

Mr. VENIOT: In four years and a half I dismissed, for just cause, as I could under the law, 602 postmasters, only 162 of whom were dismissed for political reasons, while in the last eighteen months the present Postmaster General (Mr. Sauvé) dismissed 597, of whom 474 were dismissed for political reasons. Now the hon. gentleman has the answer.

Mr. COTNAM: That is the hon. member's answer.

Mr. VENIOT: These figures are correct. No hon. member can deny them. They are on the table of the house. If they are not correct, then the Postmaster General has made a false report to parliament.

Mr. LAVERGNE: Order.

Mr. VENIOT: I am not out of order. Although the hon. gentleman is Deputy Speaker of the house, I want him to understand there are other members who know

the rules as well as he does. I did not say that the Postmaster General made a false report; I said that if those figures were not correct, he made a false report, and under the rules of the house I am justified in using that term. The hon. gentleman should remember that he is not the only pebble on the beach.

Mr. LAVERGNE: I can see nothing solid in front of me.

Mr. VENIOT: But the hon. member has not anything solid behind him. Every seat behind him is empty just because I believe hon. members opposite do not want the report submitted to the house.

An hon. MEMBER: No wonder the seats are empty!

Mr. VENIOT: Yes, hon members opposite are afraid to vote as they feel they should.

Some hon. MEMBERS: No.

Mr. VENIOT: I should like to hear some of the whispering that will go on after the house adjourns to-night. Then we would know the real situation. Now, I am through with my remarks.

Some hon. MEMBERS: Carried.

Mr. VENIOT: Then I am not through with my remarks. I hear a voice saying "It is time you were." Well, if in the house I had denounced the patronage system as the hon. gentleman did in the years when I was Postmaster General, I would think twice before I would have voted for this recommendation.

Mr. MICHAEL LUCHKOVICH (Vegreville): Mr. Speaker, had it not been for the remarks made by the former Postmaster General (Mr. Veniot) a little while ago, I would not have considered it necessary to give the house a few of my opinions concerning the report that is now before us. Before I deal with the observations made by the former Postmaster General, may I be permitted to explain the situation that existed in Mundare, a little village in my constituency. In 1926 I came to Ottawa a young man, full of hope, faith and everything else that goes with youth, but I was very much disillusioned after my arrival. A young man, George Woytkiw, approached me in regard to the position of postmaster in Mundare, and for the information of hon. members present may I say that this young man received the largest petition in that district, getting 345 names as against 115 for the other applicant, Mr. Stewart, who was supported by the defeated candidate. I think possibly the three greatest pests are mosquitos, grasshoppers and, to a member of parliament, defeated candidates—I am adding the latter because nothing gives a member of parliament so much trouble as does a defeated candidate. Mr. Stewart was appointed, there is no doubt in my mind, because of political influence that was exerted in his behalf. The former Postmaster General says that he is in favour of the merit system. As I have already stated, this young man, Woytkiw, received the largest petition; he was also the choice of the district superintendent, and in addition he was very highly recommended over all the other applicants by the chief examiner. In spite of all this merit the Post Office Department recommended the other candidate, namely, the one who received the fewest marks and who was not recommended as first choice by either the district superintendent or the chief examiner or the chairman of the commission.

Mr. VENIOT: What was the revenue?

Mr. LUCHKOVICH: I forget the revenue, but the village is fairly large and the revenue would run into thousands of dollars. The following letter, which was sent to the Secretary of the Civil Service Commission under date of February 10, 1927, discloses the manner in which political pressure was brought to bear:

Dear Sir:

I am enclosing the report of the district superintendent at Edmonton on the vacancy in the postmastership at Mundare, Alberta. The usual application forms, etc., are enclosed.

In connection with this appointment, I may say that the Postmaster General has himself made a study of the case and has stated that Mr. W. A. Stewart is conversant with the Ukranian and the English language. The Postmaster General further states that "the former postmaster was a Mr. Woytkiw, who having taken over the vendorship under the liquor law of Alberta, was informed that he could not hold this vendorship and remain postmaster. He then resigned as postmaster and his son George Woytkiw was appointed acting postmaster. Now it does not seem fair that this man should be given preference over W. A. Stewart, merely because the district superintendent thinks that he is better qualified on account of his longer experience in the office. There is nothing to show that W. A. Stewart would not be an efficient officer. It is for these reasons that I am taking the matter up with you and asking you to take it up with the commission."

Will you be good enough therefore to give favourable consideration to Mr. Stewart's claims.

This matter has been brought to the immediate attention of the Postmaster General.

Yours sincerely,

P. T. Coolican,
Acting Deputy Postmaster General.

Mr. Stewart, according to this letter, was given the job of postmaster at Mundare because of the recommendation of the then Postmaster General. It is said that the father of this young man Woytkiw was at that time the liquor vendor. This young man is a son of the present liquor vendor of that village, not by birth but by adoption, and at the present time he is living on his own resources and not on those of his foster father.

I should like to ask a question of the chairman of the committee, the hon. member for West York, who presented this report. I understand that there is a clause in this report recommending that a committee of this house be appointed to keep a check on the new civil service commission. Until recently I did not know that there was any such clause in the report, and so I was very solicitous for the three future members of the commission. It seemed to me that if there was no efficient way of controlling these men or checking the adverse influences brought to bear on them it would indeed be very hard and disagreeable for them in the future. I was sorry to hear that we were going to appoint three exemplary and efficient and God-fearing men to that commission; I should be very much averse to spoiling three honest-to-goodness Canadian citizens by making them civil service commissioners. I know no other place, under the circumstances, where three good men could be as quickly spoiled. I would therefore like to ask the hon. member for West York, who presented this report to the house, what effect, if any, will the committee that is to be appointed have upon the actions of the new commissioners? Will it be a sufficient check upon the commission? Will it improve or impair the merit system? Will it or will it not allow patronage to seep into the Civil Service Commission as it has done hitherto?

Mr. BROWN: I would like to ask the hon. member for West York to make it very clear just how the returned soldiers' preference will be protected now that it is proposed to take from three to four thousand positions from under the operation of the Civil Service Act. What other act than the Civil Service Act is there making it obligatory to give returned soldiers any preference?

Mr. GOTT: A proper sentiment upon the part of the sitting member.

Mr. BROWN: It is true that circulars sometimes go forward to members inviting them to remember that that clause is in the act, but I would like the hon. member for West York to point out very clearly what protection the law gives to the returned soldier in the matter of a preference now that it is proposed to take these three or four thousand positions from the operation of the act.

Mr. LAWSON: In reply—

Mr. SPEAKER: If the hon. member for West York speaks he will close the debate.

Mr. LAWSON: I was just going to reply, Mr. Speaker, to the hon. member—

Mr. SPEAKER: He had no right to ask questions at this stage. If the hon. member for West York speaks he will close the debate.

Some hon. MEMBERS: Go on.

Mr. LAWSON: In answer to the hon. member for Vegreville, I hope that the select committee of this house to sit each year will operate for the promotion of the merit system. In answer to the hon. member for Lisgar, I quoted this afternoon the provision of the order in council which preserves the returned soldiers' preference with respect to revenue post offices exempted where the revenue does not exceed $400 a year.

Main motion (Mr. Lawson) agreed to.

JUDGES ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 91, to amend the Judges Act.

Mr. MACKENZIE KING: Explain.

Mr. GUTHRIE: This bill is merely to correct an omission which occurred in the revision of the statutes in 1927 whereby the operative part of section 28 of the former revised statutes was omitted. The omission was not discovered until a day or two ago.

Mr. RALSTON: What is it about?

Mr. GUTHRIE: The retirement of county court judges.

Motion agreed to and bill read the first time.

WINDING-UP ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the first reading of Bill No. 81, to amend the Winding-up Act.

Mr. MACKENZIE KING: Explain.

Mr. GUTHRIE: The object of this bill is to bring the Winding-up Act into conformity with the recent insurance acts which have just been passed by both houses.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MR. ISAIE SAVARD

Mr. LAFLECHE:—

1. In the last instance, who recommended Mr. Isaie Savard, to the position of inspector in charge of undervaluation investigations at Montreal?
2. Is this position under the Civil Service Commission?
3. If so, has Mr. Savard passed examinations?
4. Were public notices of this examination posted?
5. Was Mr. Savard the only eligible candidate?
6. Was this position created specially for Mr. Savard?

Mr. RYCKMAN:—

1. The Commissioner of Customs who based his recommendation on Mr. Isaie Savard's excellent record and service as division chief of the customs excise preventive service at Montreal, his duties having included supervision of the undervaluation investigations.

2, 3, 4, and 5. Mr. Isaie Savard is still carrying on a portion of the same duties in the customs excise preventive service for which he was originally appointed, the undervaluation part of the preventive service work not having been transferred to the Royal Canadian Mounted Police.

6. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMMIGRATION

Mr. ROBERGE:

1. How many immigrants disembarked at Quebec, on May 8, 1932?
2. Who recommended their entry into this country?
3. To what nationality do they belong?
4. How many immigrants of each nationality entered the country since January 1, 1932?

POLITICAL PARTISANSHIP INQUIRIES

Mr. POULIOT:

1. How many inquiries on political partisanship were presided over by Alphonse Garon, advocate of Rimouski, previous to being sworn as commissioner?
2. What total amount was paid to him for said inquiries by the government?

Mr. POULIOT:

1. How many commissioners presided over inquiries in connection with political partisanship, heard witnesses and reported to the government previous to being sworn in, throughout Canada, since August 1, 1930?
2. (a) what are the names of the commissioners; (b) how many inquiries were held by each of them previous to being sworn in; (c) what total amount of fees and expenses was paid to each of them for the work done by them previous to being sworn in; (d) how many government employees were dismissed by each of said commissioners previous to being sworn in?

Mr. POULIOT:

1. Did Mr. Alphonse Garon preside as commissioner over an inquiry in connection with Andre Beaulieu, postmaster of Raudot, county of Témiscouata, Quebec?
2. If so: (a) on what date was said inquiry held; (b) how many witnesses were heard; (c) who swore them in; (d) on what date did said Alphonse Garon forward his report to the department; (e) what amount was paid by the department to said Alphonse Garon as fees and expenses in connection with this inquiry?
3. Was the above mentioned postmaster dismissed on the report of said Alphonse Garon?
4. Did said Alphonse Garon preside over this inquiry as commissioner previous to being sworn as such?
5. If so: (a) by virtue of what authority were the witnesses sworn in; (b) did the department demand that Alphonse Garon return his fees and expenses and order a new inquiry?

INCOME WAR TAX ACT AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee tomorrow to consider the following proposed resolution:

Resolved, that it is expedient to amend the Income War Tax Act to provide that the members of the judiciary, and the members of the military, naval and air forces of Canada and of the Royal Canadian Mounted Police, other than enlisted men, shall be liable to pay a special income tax of ten per cent upon their salaries received during the fiscal year 1932-33, in addition to any other tax payable under the act.

He said: His Excellency the Governer General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

DEPARTMENT OF INSURANCE

Hon. E. N. RHODES (Minister of Finance) moved the third reading of Bill No. 66, respecting the Department of Insurance.

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

UNEMPLOYMENT RELIEF

AGREEMENTS WITH PROVINCES RESPECTING MEASURES TO RELIEVE DISTRESS

Hon. W. A. GORDON (Minister of Labour) moved the third reading of Bill No. 72, respecting relief measures.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as I mentioned on the second reading, this is the fourth measure which the present administration has introduced with respect to unemployment relief. The house having heard so frequently and emphatically the views of the official opposition on the features of the previous bills, which gave to the administration a blank cheque and also the power to legislate by order in council with respect to matters which in our opinion should be reserved to the House of Commons and the Senate, it would hardly be expected that we would acquiesce in this particular measure and readily give to it our support. However, those who were in the house yesterday must have been impressed with the statement made by the Minister of Labour that it was then the eleventh of the month, and that since the first day of May there had not been in existence any legislation which would permit of the government entering into any agreements with the provinces in regard to this all-important matter of unemployment relief, and that that power would not be possessed by the administration until the legislation here proposed had passed this house and the Senate and had received royal assent. Other hon. members made reference to the extent to which there is actual suffering in the country at the moment on the part of large numbers through the absence of the means to satisfy their wants. Were the circumstances other than as described, certainly we of the opposition would move in amendment to this motion for the third reading, to refer the bill back to the committee of the whole house to reconsider certain of its aspects.

What we particularly deplore about the measure is the absence of evidence of any policy on the part of the government with respect to unemployment relief. Up to the present time there has been at least a profession on the part of the administration that it would endeavour to carry out its promises to provide work—not only to provide work, but to end unemployment through work that would be provided. But so far as this bill is concerned, having regard to what has been stated by the minister himself and to the provisions of the bill, it is perfectly clear that the government has thrown overboard completely whatever intention in the way of policy it may have had to provide work as a means of ending unemployment. The present measure substitutes, so far as the federal government is concerned, contributions to the provinces for the purpose of administering doles where such may be necessary to meet the demand of immediate relief.

[Mr. Gordon.]

Coming at the end of almost two years of office and being all that the administration can offer, especially after its members have had a free hand and the experience which comes with office in dealing with important questions, it is a lamentable confession of complete failure to cope with this all-important question and to offer to the country anything in the nature of a constructive policy. However, I suppose for those who are suffering, anything in the shape of assistance is better than nothing, and for that reason, having regard also to the lateness of the session, we do not propose in any way to delay the giving of such relief as the government may still intend to give through the provinces in accordance with what apparently is their only method, namely the method provided here. While, for the reasons mentioned, we are prepared to allow the bill to pass third reading without amendment, we desire, at the same time, to register as strongly as we can our protest against the measure in the form in which it is, renewing as it does the objectionable feature of the blank cheque, which deprives this House of Commons of the control which it should have over expenditures and consequent taxation, and the equally, if not more, objectionable feature of giving to the governor in council power to legislate, notwithstanding the existence of any law or statute, with respect to matters which we believe should be legislated upon only by the Commons and the Senate. With this protest, Mr. Speaker, and at the same time with the hope that by expediting the enactment to the extent which may thus be possible, we shall be serving a helpful end, we do not at this time propose to offer further opposition.

I have just this one further word to add. It is most regrettable that this measure, which deals with the most important subject which has come up this session, should have been left for the purposes of discussion, as has been the case with similar measures in previous years, until the closing weeks of the session. I said at the time the Unemployment Relief Continuance Act was introduced that the government should at that time, instead of introducing a temporary measure, have then brought down its legislation with respect to relief measures in order that there might be ample time for discussion. The fact that as matters now stand we are half a month beyond the period during which any relief for the new fiscal year can be given under legislation relative thereto is something for which the government itself is wholly responsible.

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

SUPPLY

IMPERIAL ECONOMIC CONFERENCE

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

To provide for expenses in connection with the Imperial economic conference, $250,000.

Mr. BENNETT: I may say there will be an additional item in the supplementary estimates, so that another opportunity will be afforded for discussion.

Mr. ILSLEY: Mr. Chairman, as I intimated the other day, I am particularly anxious to offer a few suggestions to the Prime Minister —if I may put it that way—as the Imperial economic conference is perhaps of greater interest and importance to the people of the part of Nova Scotia from which I come than any other matter that has came before the house this session. While what I shall put forward will be general in its nature and national in its application, I may, perhaps take as a starting point the interests of the apple growers and apple exporters of Nova Scotia.

The apple exporting industry of Canada is in many respects a typical exporting industry, depending to a very large extent upon the market of the United Kingdom. I have the figures here, but I will not weary the committee with details; I propose to state the main features of the situation. The dominion exports about one third of its total apple production to the United Kingdom market. During the last five years our production has averaged about 3,500,000 barrels, of which from 1,100,000 to 1,200,000 barrels have found a market in Great Britain.

Our competitors in the United Kingdom market are the British themselves, who raise quite a large quantity of fruit, and more particularly the apple growers of the United States. The situation in the United States differs from the situation in Canada in this respect, that they have an enormous production in that country. It is very difficult to get figures showing the exact production, but it is from 125,000,000 to 250,000,000 bushels per annum. This production is largely marketed in the United States.

Mr. BENNETT: I am sorry, but I cannot hear the hon. gentleman.

Mr. ILSLEY: I was saying, Mr. Chairman, that while we in Canada export about one-third of our total production of apples to the United Kingdom—and the greater part of our exports go to the United Kingdom—the same is not true of the United States, our chief competitor in that market. They export twice as large a quantity of apples to the United Kingdom as we do, but that is an insignificant proportion of their total production. I should like to make this feature of the apple exporting situation perfectly clear; while their production is huge, it varies greatly. The surplus they export varies greatly also, but that surplus is only a very small proportion of their total production, amounting to not more than seven per cent or eight per cent at the most. The result is that in a year of heavy production in the United States at times we find the British market almost ruined by these large American surpluses.

For these reasons it is important that the present preference, with which I shall deal in a moment, should be preserved if possible. The tariff preference in the British market at present, under the Import Duties Act which came into effect on March 1, 1932, is ten per cent. Before I go into that, in order to put the matter clearly perhaps I should read a summary of an extract from the report of the Imperial economic committee of 1926. Your attention is called specifically to the following points:

(1) That in the United States there is the home market offered by the population of 115,000,000 consuming more fruit per head than the population of the United Kingdom. The exported surplus averages some 7 per cent of the total crop.

(2) That Canada on the other hand, with a population of only 9,000,000 must export at least 30 per cent of the total crop or more than four times as high a proportion as the United States. The export trade is vital to the Canadian apple grower and merely incidental to the American grower.

(3) That the American apple market is protected by a customs tariff and that it has been particular to avoid glutted market conditions on the home market by throwing the bolk of the increase into the export trade. The arrival of these dumped surpluses and indeed the mere knowledge that they would be forthcoming from the other side of the Atlantic tends to wreck the markets. The effect is to wreck the prospects of the home and Canadian growers.

Along the same line I should like to quote from a book called Imperial Economic Unity, written by the late Sir Alfred Mond, Lord Melchett. At page 149 he says:

Both Australian and Canadian official reports state that in recent years the apple industry has declined and the acreage under cultivation has become slightly less, owing to difficulties experienced in disposing of their production. The principal contributory factor to this is the varying surplus production of the United States of America.

At page 150 he states:

The export trade of the American fruit grower is merely a matter of the disposal of surplus production, whereas in Canada and Australia a steady and assured export market is vital to the very existence of the industry.

The Canadian Horticultural Council has been studying the problem, and the figures they give to the public indicate that the United Kingdom imports about 5,000,000 barrels of apples each year and that at present Canada is supplying not nearly half those requirements, but that there is capacity for development of production in Canada and in Australasia to the extent necessary to take care of the entire import requirements of the United Kingdom.

Mr. BENNETT: Is it not also true that you must have regard to climatic conditions and seasonal demands in order that other countries may also serve those seasonal demands having regard to the climatic conditions under which apples are produced?

Mr. ILSLEY: I speak subject to correction, but my answer would be that between Canada, Australasia and South Africa the entire import requirements of the United Kingdom could be met.

Mr. BENNETT: That is right.

Mr. ILSLEY: The United States does not serve a complementary purpose at all, their apples go in during the same season that apples are imported from Canada.

Mr. BENNETT: That is exactly what I endeavoured to show, that other portions of the empire in addition to Canada are producing apples that could supply the English market at other seasons.

Mr. ILSLEY: That is right. I think the material factors in the situation are, first, a large and immensely valuable market for apples in the United Kingdom; second, the capacity of the British dominions to acquire and supply a large part of that market; third, the menace of the competition of huge and varying surpluses of United States apples in that market; fourth, the special importance of that market to the province of Nova Scotia, which is particularly adapted to the export of apples to Great Britain and from which come the great bulk of apples exported from Canada; fifth, the value of a preference on apples in that market, and sixth, the great and paramount importance of free entry into that market.

That brings me, Mr. Chairman, to some general considerations with regard to the preferences that now exist. I may say that preferences in Great Britain have been built up over a long period of years. I do not want to go too far back into history, but of course there were the preferences under the Navigation Acts, which ceased when the Navigation Acts were repealed in 1847, when free trade came in. Those preferences were not suited to present conditions, although the Canadian lumber trade between 1807 and 1847 was built up on the colonial preferences which existed for about two centuries before the advent of free trade in 1846. Between 1847 and 1897 there were no preferences between Great Britain and the dominion, but in 1897 Canada introduced a voluntary British preference. This country was followed by the other British dominions; in 1903 New Zealand extended voluntary preferences to Great Britain. In 1904 South Africa followed, in 1907 Australia followed, and then a great many other parts of the British Empire followed with these voluntary preferences. Perhaps the members of the committee will be surprised to know the ramifications of the voluntary preferential system throughout the British Empire. These are some of the parts of the empire which extend preferences to Great Britain: the Irish Free State, whose preference came into effect in 1923; Northern Rhodesia; Southern Rhodesia; India, which gives a small preference on certain classes of iron and steel goods; Fiji; the Bahamas; Jamaica; St. Lucia; St. Vincent; Barbados; the Virgin Islands; Grenada; St. Christopher; Nevis; Antigua; Montserrat; Trinidad; Tobago; Dominica; British Honduras; British Guiana; Cyprus; Mauritius; Brunei; Gibraltar; British North Borneo; Bermuda; and Samoa. That widespread and farreaching system of voluntary preferences has grown up, not upon the basis of bargaining of quid pro quo at all; they are voluntary preferences. The first protective element introduced by Great Britain into her fiscal system after the abolition of protection, between 1846 and 1860, was introduced in 1915 with the McKenna duties. The only duties before that, in all that interval—that is, anything that could be called protective—were the wheat duties between 1902 and 1903, which were very small and soon repealed, and the tobacco duty in 1904.

Mr. BENNETT: A shilling a quarter.

Mr. ILSLEY: The tobacco duties were reduced a year or two afterwards. In 1915, however, as a war measure, the McKenna duties came into effect. Those duties applied to musical instruments, clocks and watches, and cinematograph films, if I remember rightly. They were introduced, as I say, more as a war measure than a trade measure, first, to save space in ships taking raw materials to Britain, and secondly, to relieve the exchange situation as between Great Britain and the United States. No preferences were provided when the McKenna duties were first imposed,

but in 1919 preferences were granted to the dominions and colonies by the Finance Act of that year, and then followed a rapid and very notable extension of preferential treatment to the dominions and colonies. As I have said, the preferences began in 1919. In 1920 the Importation of Dyestuffs Act provided for the prohibition of the importation of dyestuffs into Britain, but not from parts of the British Empire. In 1921 the Safeguarding of Industries Act was introduced, providing for the imposition of duties on key industry goods and on other goods after inquiry, but under that act no duties were imposed against British Empire goods. In 1923 the Irish Free State, which had come into existence, obtained the benefit of the preferences that were given to the other parts of the empire, and in that year also was held the Imperial economic conference to which my right hon. leader referred the other day, and preferences were arranged for at that conference on a large number of articles. Mr. Baldwin was, I think, Prime Minister of Great Britain at that time; at any rate, the Conservative party was in power there. Before these duties could be brought into effect Mr. Baldwin went to the people on a platform of protection and was defeated, and consequently when the new parliament met in 1924 its membership was opposed to protection and therefore the preferences arranged for at the Imperial economic conference of 1923 did not come into effect. I may mention, in reference to apples, that it was agreed at the conference of 1923 that there should be a preference on raw apples. It was proposed to levy a duty of five shillings a hundredweight on raw apples of foreign origin, and to continue to admit raw apples from the empire free of duty. Then in 1925, 1926, 1927 and 1928 there were extensions every year of preferences to the dominions and other parts of the British Empire as new duties were imposed; and then, of course, this year, came the Import Duties Act which placed a duty of ten per cent upon nearly all goods entering the United Kingdom, the chief exceptions being wheat, in grain, meat, including bacon, raw cotton, raw wool, fish of British catch, newspapers and newsprint in rolls containing not less than seventy per cent mechanical wood pulp, wood pulp itself, raw rubber, iron ore, tin ore and shipbuilding materials consigned direct to shipbuilding yards. The extent of these preferences that have gradually been granted by the United Kingdom to the dominions is shown by a book I have in my hand, and to which I have referred, by Lord Melchett, in which he gives the percentages of imported dutiable goods upon which preference is given. These goods, from empire countries, are: tea, 84·8 per cent; cocoa, raw, 93·4 per cent; coffee, 50·9 per cent; sugar, raw and refined, 38 per cent; raisins, 27·7 per cent; motor cars, 20·9 per cent, and many others. This shows that quite a large proportion of the imports in important lines that went into the United Kingdom came from the British dominions and colonies under preferential tariffs.

The Import Duties Act provides that these preferences shall lapse on the 15th day of November as against the dominions but not as against the colonies. That, I think, is a significant fact. It is only against the dominions which have imposed, practically all of them, protective tariffs, and in some cases very high protective tariffs against the mother country; it is only as against these that the preferences shall lapse on November 15. It is of great importance to the part of Canada from which I come, and needless to say it is of great importance to Canada as a whole, that this government, at the forthcoming Imperial economic conference, should so conduct negotiations that there be an extension of these preferences past the 15th day of November.

The conclusions which I would draw from the facts I have put forward are, first, that without the introduction of bargaining at all as between the units of the empire, there has come into existence a gradually evolving system of preferences, which would probably have accomplished all and perhaps more than all that the Imperial economic conference will accomplish; secondly, that had it not been for the hostile tariffs of the dominions, imposed by legislation or by orders in council, the preferences under the Import Duties Act would probably have been unlimited as to duration, as they were in the case of the colonies, instead of being limited to a period expiring on November 15 next.

Mr. BENNETT: The hon. gentleman knows that the period expiring on November 15 was fixed with the Imperial conference in view. That was declared by the Chancellor of the Exchequer.

Mr. ILSLEY: It does not necessarily follow—

Mr. BENNETT: That is what he says he did it for.

Mr. ILSLEY: Yes, but the point is this. My right hon. friend, at the Imperial conference of 1930, indicated that it was desirable, in his opinion, that we simply give preference for preference, that we grant pref-

erences upon a bargaining basis. He took the view that this was the only businesslike way in which to do it. Great Britain has on every occasion on which she had imposed protective duties extended substantial preferences to the dominions. But very sensibly she took the view that if trade was to be upon a bargaining basis she would give the dominions bargaining. That is to say she would make her preferences lapse on November 15 so that she would have something to bargain with. That policy would never have been adopted had it not been for the interjection by the Prime Minister at the Imperial economic conference in 1930 of that new element in trade relations between the different parts of the British Empire.

In my constituency we knew that just as soon as Great Britain got to the place where she deemed it advisable in her interests to impose protective tariffs on apples we would go in on a preferred basis, and retain freedom of entrance into that market. However, the introduction by our Prime Minister of this new principle at the Imperial economic conference of 1930 upset the development of the whole system, so that when they brought in their duties on March 1, 1932, they put a time limit on, and now we are faced with the necessity of negotiation as to whether our apples and other goods will continue to enter that market free.

I should say it is of far more importance that we continue to get into the market than that we receive a preference, but with duties that debar us. Freedom of entrance may be more important than protection in the market. Freedom of entrance into that market on preferential terms would have come with the coming into effect of a protective system in Great Britain without bargaining at all, in the natural course of events as indicated by the facts I have given to the committee.

My submission is that the present government's policy in Imperial trade relations has been unfortunate, and that if we are to continue the progress that has been made a reversal of that policy is essential. Now, what are the principles that should guide the government at the conference? It seems to me at the forthcoming Imperial economic conference we should not, if we can help it, tie our hands so far as negotiations with foreign countries are concerned. We may depend upon it that the United Kingdom will not tie its hands in those relations. Great Britain has close trade relations with the Argentine republic, the Scandinavian countries and other countries which treat them better in their markets than we treat them in ours.

[Mr. Ilsley.]

Not long ago Mr. Runciman made a speech in which he said:

> We are bound and determined to make arrangements for our own dominions during this summer and autumn which will add to our volume of trade between us and them, but that does not preclude us from making friendly arrangements with foreign countries, friendly arrangements to which I look forward with great hope.
>
> You can be sure we are sufficiently open-minded to prevent any policies standing in the way of the development of world trade.

The Dominion of Canada also is so constituted that it can deal advantageously with countries outside the British Empire. During recent years there has grown up what might be termed a state of tariff war between Canada and the United States. I do not think, however, many of us believe that condition will continue indefinitely. These two countries are so situated that a very large and profitable trade must be done between them. I submit it would be unwise at the Imperial conference for Canada so to tie her hands that she could not negotiate with countries such as the United States, a country with which she can do business under such peculiarly favourable conditions.

The same is true of Germany. Since I have sat in this house I have had representations year after year from people in my constituency asking that I do something or get the government to do something to improve trade relations with Germany. There we have very hostile tariffs against us. In some cases their tariffs against us are twice as high as they are against the United States. If it could be avoided it would be unwise for the Dominion of Canada at the coming conference to tie its hands as to negotiations with countries with which she can trade profitably. It must be remembered that the trend during the last twenty years has been in the direction of a greater percentage of trade with foreign countries. I have before me figures for the years 1911 and 1932. In 1911, 54.3 per cent of our exports were to other parts of the British Empire; in 1932, the figure was only 38 per cent. In 1911, 28.7 per cent of our imports were from other parts of the British Empire, whereas in 1932, the figure was only 25.5 per cent. In that connection there is a substantial reduction in both cases, but especially as to the percentage of exports. As to the United States, the percentage of our total trade has remained about the same. In 1911, 38 per cent of our exports were to the United States, and in 1932 there was an increased figure of 40.8 per cent. In 1911, 60.8 per cent of our imports were from the United

States, and in 1932, the figure was exactly the same. In other words our trade with our neighbouring country, in percentage of total trade during the last twenty-one years has remained practically the same. When we come to other foreign countries, however, we see during that period a great increase in the percentage of trade. In 1911, 7.7 per cent of our exports were to other foreign countries; in 1932 the figure was 21.2 per cent. In 1911, 10.5 per cent of our imports were from other foreign countries, whereas in 1932 there has been an increase to 13.7 per cent. That is to say, the percentage of our exports to other foreign countries, countries other than the United States and parts of the British Empire, during the past twenty-one years has been multiplied by three. We would be unwise to fly in the face of that trend, especially when it it considered that in all probability a great many foreign countries will be negotiating with one another and with us for the reduction of tariffs during the next few years.

Another guiding principle that should prevail at the Imperial economic conference is that we should attempt to increase and expand, not merely deflect trade. I believe that is the most fundamental and the soundest criticism of the enormous duties which during the last year and a half we have placed against British products. The hon. member for Shelburne-Yarmouth placed on Hansard during his speech on the budget some rates to which I should like to make reference. When dumping duties and tariff rates were added together some of them went as high as 99 per cent ad valorem. Some of the rates were 94 per cent, 43 per cent, 99 per cent, 75 per cent, 46¼ per cent, 41 per cent, and so on. The erection of these very high tariffs against Great Britain has reduced the volume of trade. If the effects of such tariffs were merely to deflect trade, if it meant merely that buyers bought from Canadian instead of British sources, it would not be so unfortunate, but it means that not only do they change their sources of supply but they do not buy as much. The total volume of trade is cut down. If there is one thing upon which leading economists in the world of to-day agree—and I refer to men such as John Maynard Keynes—it is the importance of getting people to buy and sell in a larger way. If the world is to recover from the depression there must be an expansion of the volume of trade. Consequently any development at the Imperial economic conference which simply deflects without increasing trade will not be in the best interests either of this country or of the world as a whole. A policy which means merely that the empire will erect around its borders a high tariff, leaving the high tariffs still existing between the various parts of the empire, will reduce rather than increase the total volume of trade and will not be in the best interests of Canada. I urge that consideration with the greatest confidence and earnestness upon the Prime Minister. The idea put forward at the Imperial conference of 1930 that every industry we can get going in this country we must protect by high tariffs against the other parts of the empire and then put around the empire itself another high tariff against the rest of the world, is not in line with what economists or, for that matter, business men or statesmen, are now urging. The advice that is being given in increasing volume is to adopt policies that will stimulate and increase the total volume of trade.

Finally I would say this: We should avoid the establishment of an Imperial economic unit or zollverein which will isolate us from the rest of the world and provoke other nations to form themselves into similar exclusive trading confederacies. I do not think it is necessary to elaborate that thought. Anyone who has been reading the articles in the magazines and the speeches that are being made will see the great danger of making of the British Empire a zollverein such as the German states constituted in the last century. In the Round Table of March, 1932, there was a very thoughtful article on Imperial preference, and the conclusion to which the writer of that article came, I adopt, because it seems to me very sensible. It reads:

> Let us now sum up what seem to be the fundamentals of any system of Imperial trade regulation, including preference, which is to be of lasting value. It must take into account the fundamental economic policies of the participants, including the balance between their industry and agriculture, and their commercial relations with the rest of the world. Once those essentials have been determined, it should imply a progress towards a lowering of tariffs and the breakdown of economic nationalism generally; it must expand rather than diminish the volume of world trade. While for the time being it may injure third parties it must not be directed against them, and must leave them an opportunity of participating in preferential advantages in exchange of equivalent undertakings. It must not be of such complication or duration as to tie the hands of any party unduly in its trading relations either within or outside the commonwealth. Above all, it must be based on the principle of mutual advantage and free consent.

It is fashionable at present to say that we should make suggestions as to what we should give at this conference rather than what we should seek to get. I can think of many

things, but those possibilities, no doubt, are being explored by the government. Their task at this conference is not going to be an easy one, but if they keep in mind certain principles, those that are embodied in the conclusion of the article from the Round Table which I have read, I do not see any reason why they cannot make a success of the coming Imperial economic conference.

Mr. GOTT: I should like for a few moments to draw to the attention of the government the importance of having the subject of tobacco on the agenda of the Imperial economic conference. I should like the opportunity of discussing the tobacco situation from grower to consumer, because I have in relation to this problem very definite ideas which, if carried into effect, would, I believe, put the industry on its feet.

First, I would raise the tariff on imported raw leaf and keep out 16,000,000 pounds of raw leaf tobacco which comes in from the United States each year. Second, I would lower the excise duty on cigarettes and thus double not only the consumption but the output of Canadian cigarettes in Canada. Third, I would appoint a commission to exterminate the tobacco combine and establish a fair price for the growers. Fourth, I would endeavour to increase the British preference. I want to indicate the opportunities which the Canadian representatives at the Imperial conference will have of impressing upon the people of the United Kingdom the possibility of increasing our exportation of tobacco. Great Britain imports every year approximately 220,000,000 pounds of tobacco. I have under my hand figures which I should like to place on record, but the Speaker has ruled that in order to have this done, they must be read, hence they are as follows:

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Imports of Unmanufactured Tobacco into the United Kingdom

(Calendar years 1921 to 1930; also eleven months ended November 30, 1930 and 1931)

—	Total Imports	Importations from—											
		Greece	Netherlands	Syria	United States	Other Foreign Countries	British India	Canada	Nyasaland Protectorate	Rhodesia	Other British Countries	Total Foreign Countries	Total British Countries
Calendar Years—	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1921	227,837,184	1,144,593	481,505	1,485,656	214,756,664	2,508,861	1,415,162	174,162	4,776,903	174,665	918,814	220,377,279	7,459,905
1922	184,856,648	1,235,632	981,718	1,499,562	166,822,333	1,663,890	3,934,573	855,937	6,734,863	360,325	768,355	172,203,135	12,653,513
1923	173,008,418	868,769	905,772	1,758,317	154,859,180	1,751,739	4,574,504	955,507	5,891,167	366,513	1,106,950	160,143,777	12,894,641
1924	182,422,745	1,066,844	871,180	1,947,311	156,938,302	2,301,620	8,412,040	1,787,194	6,882,452	726,469	1,489,333	163,125,257	19,297,488
1925	188,981,026	1,897,034	965,839	2,085,617	162,718,941	2,392,421	7,785,421	1,858,523	7,079,485	1,031,165	1,175,580	170,059,852	18,921,174
1926	197,203,625	1,045,140	1,412,478	1,346,623	161,409,564	2,194,583	11,854,340	4,913,883	9,084,095	2,305,009	1,637,910	167,408,388	29,795,237
1927	222,265,323	693,287	708,078	362,086	177,441,802	2,107,791	8,432,864	5,812,909	13,781,373	11,088,470	1,836,305	181,313,584	40,951,739
1928	217,785,216	576,095	619,883	93,355	171,838,580	1,572,818	10,338,822	6,029,388	12,181,826	12,270,989	2,263,460	174,700,731	43,084,485
1929	240,026,107	926,300	580,353	54,530	205,376,067	1,557,930	9,180,662	5,024,604	10,671,895	5,185,675	1,468,091	208,495,180	31,530,927
1930	237,027,857	461,191	772,056	400,308	197,764,709	2,291,263	13,040,807	4,040,625	12,810,101	4,314,367	1,132,430	201,689,527	35,338,330
11 Months ended Nov. 30—													
1930	205,205,612	Included in other foreign countries			167,383,010	3,726,654	12,671,125	3,673,288	12,552,724	3,444,587	1,754,224	171,109,664	34,095,948
1931	164,967,825				130,242,433	2,473,212	9,277,203	5,510,650	11,093,667	4,745,854	1,624,806	132,715,645	32,252,180

We in Canada produced last year, 1931, 51,000,000 pounds of tobacco. All colonial tobacco, including that of this country, has in the British market a preference of forty-nine cents per pound. The figures I have given can be reversed; instead of the United Kingdom importing 200,000,000 pounds of tobacco from the United States, we, the tobacco producers in Canada, can supply the British market with all the tobacco it needs and of just as good a grade as is grown in any part of the British Empire, in fact, of the world. How can we do this? In this way: if our representatives can induce those of the United Kingdom to permit our tobacco to enter the mother country free of duty and to impose the regular duty against imports from foreign countries, we can supplant the 200,000,000 pounds of tobacco that is imported each year into the United Kingdom from the United States. I am sorry it is eleven o'clock. I should like to have gone a little further.

Progress reported.

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

Friday, May 13, 1932.

The house met at three o'clock.

REPORTS OF COMMITTEES

First and final report of select standing committee on privileges and elections.—Mr. Hanson (York-Sunbury).

Second, third and final reports of special committee appointed to consider Bill No. 41, to amend the Bankruptcy Act.—Mr. Hackett.

BUDGET RESOLUTIONS

On the orders of the day:

Mr. WILLIAM DUFF (Antigonish-Guysborough): I should like to ask the Minister of Finance (Mr. Rhodes) if he can give the house any idea when we will proceed with the budget resolutions.

Hon. E. N. RHODES (Minister of Finance): I rather anticipate that they will come up the first of next week.

UNEMPLOYMENT RELIEF

APPEAL FOR CONTINUANCE OF RELIEF MEASURES IN GLACE BAY, N.S.

On the orders of the day:

Mr. HUMPHREY MITCHELL (East Hamilton): I would like to ask the Minister of Labour (Mr. Gordon) a question through you, Mr. Speaker, dealing with the matter of relief. To-day I received the following telegram from the district surrounding Glace Bay, Nova Scotia.

Whereas the relief program as it affects the citizens of the town of Glace Bay has ceased to exist, owing to the town having gone beyond their financial means, and whereas the citizens of the town had not had an opportunity to increase their earnings so that relief should not be necessary, therefore be it resolved that we petition the provincial and federal governments to meet the relief situation as it affects the citizens of this town. This resolution has been drawn up by representatives of local unions in sub-district one, United Mine Workers of America, in the town of Glace Bay.

The numbers of the unions represented are given, together with the towns in which they are located. The towns represented were New Aberdeen, Passchendaele, Glace Bay and Caledonia. The telegram proceeds.

We request a reply immediately as we must report your decision to a mass demonstration before the end of the following week.

This telegram is signed on behalf of the committee by Peter McNeil, Kenny McDonald, Melvin Daye, John Quann, Silby Barrett and Dan J. McDonald. I should like to know the attitude of the federal government in this regard.

Hon. W. A. GORDON (Minister of Labour): I assume that representations along the line of the information contained in this telegram have been transmitted by the municipality affected to the government of Nova Scotia. I have not received any communication from that government. When I do, the matter will be immediately taken into consideration and appropriate steps will be taken in conjunction with the provincial authorities.

SUPPLY

DEPARTMENT OF AGRICULTURE

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

Dairying, $231,300.

Mr. COOTE: The discussion on these estimates so far has been of a general character, and before we proceed to deal with dairying in particular I should like to make a few remarks with regard to agriculture in general.

The problem of the farmer to-day is not one of production; it is purely an economic problem. For years he has been told that if he would produce quality products he would not need to bother about economics, that the price he would receive would give him a sufficient return. To-day no matter what may be the quality of the product he produces in

any of the basic lines, that is, grain, cattle, hogs or dairy products, his product is selling at less than the cost of production.

To-day the farmers sell as unorganized individuals to a highly organized world, and they buy as unorganized individuals from a highly organized world. The aim of the Department of Agriculture should be to organize our farmers so that they may combine their buying and selling powers. One of the purposes for which our economics branch was established was to assist in organizing the farmers for cooperative effort, and in the estimates this year I find that the economics branch receives a grant of only $8,600 out of a total agricultural grant of $6,600,000, though the main problem of the farmer is essentially economic. The work of this branch, instead of being curtailed by a cut of $3,400, should be greatly increased. If there are any experts in Canada who can assist the farmers in organizing themselves in order to get a better price for their products or to buy to better advantage, certainly we should spend enough money under this vote to secure the services of those experts for the benfit of the farmers of Canada. No greater service could be rendered at this time.

The farmers are in the very difficult position to-day of paying higher interest rates and carrying higher per capita overhead charges, comparing the net value of their product, than any other class in Canada. The farmer suffers from high taxation and a low valuation of his products, and he is under the handicap of producing crops which are dependent upon the weather. There is no limit to the competition the farmer must meet. The immigration policy of all governments in the past has been the bringing into Canada of more farmers to compete with those already here. In many cases to-day the farmer remains on his land through the grace of the mortgagee, the tax collector or the landlord. So long as he is allowed to stay on the land he can probably provide food for himself and his family, but in many cases he is not able to provide clothing, and we all know that it is not safe to travel around Canada to-day without some clothes. The farmer sells at wholesale prices and buys at retail. There has always been too much disparity between wholesale and retail price levels. But during the depression of the last three years this disparity has been greatly increased until to-day he finds himself in an impossible position. The price index figure of field crops, according to information which I have secured from the Bureau of Statistics, has dropped 64 points since 1928, and as compared with this, retail prices, not including rents and services, have dropped 14 points; and this drop has been mostly in foodstuffs. I should like to point out, particularly to the hon. member for Weyburn (Mr. Young), who always says that if we increase commodity price levels we shall increase the cost of living in proportion, that the drop in farm commodity prices has been 64 per cent, while the drop in retail prices, that is to say, prices over the retail counter, when the farmer buys goods to support himself and his family, has been 14 per cent. Conversely, it would be possible to raise commodity prices by 40 per cent without increasing retail prices even 10 per cent.

The farmer's debts and his interest charges are fixed in terms of dollars, and he can pay only by means of the production and sale of commodities, so that at the present price levels the burden of his debt has been doubled or trebled. There is only one solution for the farmer's problem to-day, and that is to raise price levels. If this is not done, then his debts must be wiped out either in whole or in part. There is no use quibbling about that.

The farmer labours under another difficulty in that he sells at world prices or free trade prices, while he buys at protected prices. The price of everything that the farmer produces to-day is on an export basis; that is to say, the price which the farmer receives is fixed by the price which our commodities will bring in England, less cost of transportation, less commission charges, less handling charges and less advertising costs. The net return which the farmer gets after all these are paid fixes his selling price. If he wishes to bring back some goods from England in exchange for his products, he must pay high tariff charges, excise tax, sales tax and dumping duty, owing to the fact that the Department of Customs at the present time values the English pound for duty purposes at $4.40. The farmer is labouring under this distinct handicap, that the prices of all his products whether consumed here or abroad are fixed by what they will bring in England. To-day we can get for the British pound, for which our products are sold, only $4.10. Whatever other measures may be necessary to relieve the farmer of his present difficulties, the first remedy should be to bring the Canadian dollar to par with the British pound. Make the British pound worth $4.87 in Canada. Surely the old British pound is good enough for Canada to tie her currency to. Indeed, that is not a high enough rate to enable us to meet the competition of the Argentine and Australia in a fair manner, but it would enhance by 18 per cent the prices

which our farmers receive to-day. This would result in an increase in the price of grain, cattle, hogs and all dairy products.

In support of my contention, I wish to quote a man who should be regarded as an authority so far as dairy products are concerned; I refer to the president of the National Dairy Council, Mr. Robinson. In his annual address, Mr. Robinson said:

I wish to make it very clear that the whole question of future prices in our industry is bound up in the question of sterling exchange and its relation to our currency and to that of the United States. We cannot meddle in these high matters, but I must point out that an active inflationary policy in the United States resulting in a depreciation of the value of their money might necessitate similar action in this country for we could hardly maintain ourselves if our currency were to be at a premium over both London and New York.

I have also a clipping taken from the Ottawa Citizen of yesterday. It is a despatch from Montreal by Mr. Paul Reading, special correspondent to the Southam Publishing Company. The article appears under the following heading:

Farmers gaining no benefit from reduced stocks.

Then he goes on to deal with the price which butter brings in Canada at the present time. He shows that because of the low value of the pound in Canada it is almost impossible for us to export butter to England. I will quote only the last paragraph, which I think shows the significance of this exchange question to the Canadian farmer:

Our three chief competitors in the British butter market are Denmark, Australia and New Zealand. Following England off the gold standard, Denmark has kept her money around par with the pound ever since. The Australian and New Zealand currencies are at a discount with that of England. Consequently these three countries are on level trading terms with the United Kingdom. The Canadian dollar, on the other hand, is at a premium of 18 per cent over sterling, so that Canada can only compete in the British butter market when butter prices here have fallen low enough to absorb that 18 per cent handicap.

That is, if butter were a shilling a pound laid down in England, that price would still be the cash equivalent of 24 cents to the Danish or Australian exporter, but only 20½ cents in Canadian money. Carriage charges would have to be deducted in each case of course. To compete in the present British market, Canadian butter would have to sell at 16 cents or less in Canada.

Without going the length of reading a quotation from the monthly letter put out by the Packers' Association of Canada, I may state that in one of their recent letters they point out that one of the causes of the present low price of hogs in Canada is the fact that hogs are on an export basis, and the price received for bacon shipped to England is paid in pounds sterling, for which the packers now receive $4.15 instead of the old rate of $4.87. There is no question about it, it is only a mathematical proposition that if our currency were at par with the pound we should raise the price of bacon in Canada by 18 per cent, and consequently the price of hogs. The same thing applies to cattle. If our currency were at par with the British pound, the average steer which we ship to England would bring us an extra $10. In meats, we try to compete with Ireland and Denmark, but these farmers have a distinct advantage over us. If we attempt to ship chilled beef, we compete with the Argentine and Australia, and a steer which would sell at £10 in Liverpool would bring the Canadian producer $41 while it would yield to the producer in the Argentine or in Australia the equivalent of $60.

How can the Canadian compete with farmers of these countries in the British market with exchange at the present level? Take wheat, which is the most important item in the whole of our economic life. Wheat to-day produces and has for years produced more new wealth for Canada than any other commodity. It furnishes more employment to our people than any other product. It furnishes more revenue to the railways and its effect on general business is more important than any other product in our economic life.

May I point out to the committee that the value of field crops in Canada in the year 1931 was only $425,000,000 as compared with $1,125,000,000 in 1928, or a drop of $700,000,000 in the value of our field crops in these three years. Is it any wonder that there is business depression in Canada, with the value of field crops reduced to that extent? Part of that drop may be explained by the drop in production, but in the year 1930 the value of field crops was only $662,000,000. In 1931 our field crops represented only 37 per cent of the value which they had in 1928. I think that illustrates pretty well the position the Canadian farmer finds himself in to-day.

One of the great concerns of the Prime Minister at the present time is to correct our balance of trade. For many years wheat has been the greatest item of our export trade. In 1928 our exports of wheat amounted to $433,000,000, and of flour $63,000,000—a total approximately of $500,000,000. In 1931 our exports of wheat and flour totalled $137,000,000—less than one-third of what they amounted to in 1928. I think, Mr. Chairman, that shows the need of some concern by our government

for the wheat producers of Canada. When you compare the position of the Canadian wheat producer with that of the wheat producer in Australia or the Argentine, surely it is no wonder that we have not been able to sell the usual quantity of this commodity. To-day the Canadian wheat producer is selling his wheat principally to England. He is paid in British sterling. He can exchange the pound sterling for approximately four dollars ten cents. On the other hand, the Argentinian and Australian farmers shipping their wheat to the same market are paid in the very same currency and can exchange the pound sterling for the equivalent of $6. Competition under these conditions is made almost impossible. May I quote very briefly from the Ottawa Citizen of July 10, 1931, containing a report of a meeting of the agricultural committee of this house. Mr. James Richardson, a witness before the committee, was questioned as to the effect of the depreciation of Australia's currency on the position of their farmers as compared with the farmers of Canada. He said:

> Australia's position in the Orient had been secured through the commonwealth's depreciated currency, he told the committee, and agreed that if Canada depreciated the currency of this dominion it would enable the farmer to sell more, to get more of that currency for his produce and enable him, at least, to pay his debts.

The indebtedness of our farmers to-day is one of the greatest problems confronting not only the farmers themselves but the whole country. Our financial institutions have loaned to the farmers of Canada a good many hundreds of millions of dollars, and to-day at present prices it is impossible for those farmers to pay interest on the mortgage. Many of our rural and small urban municipalities that depend upon the paying power of the farmer are not going to be able to meet the interest on their debentures, and some of the mortgage companies have at last become concerned about the situation. And it is time that this house became concerned too. The only way to put paying power into the hands of our farmers, the only way to enable them to pay their taxes to the municipalities, is to allow our dollar to depreciate in the United States until at least we get it on a parity with the pound sterling. There is no other way out, and we might as well quit "kidding" ourselves.

There is just one other question that I should like to mention before I sit down. The position of our agricultural people is of concern to everyone in Canada. I am going to quote very briefly Mr. Alexander Legge, president of the International Harvester Company on the results that would follow from improving the buying power of the farm population. He said:

> In such a vicious circle as now exists, one group cannot buy the products of another for lack of means. But agriculture which supplies the basic needs of food and clothing for all groups seems the logical place to break the circle. An improvement in the buying power of the farm population would quickly start the wheels of industry turning and benefits would spread to all.

There is no quicker way of starting Canada on the way out of the present depression than by increasing the purchasing power of the farmer. The only way to do that is to increase the price of his products. Allow me to repeat, that practically all our products to-day are on an export basis. The only way to increase the price of those products is to increase the price of foreign exchange in Canada. Our dollar to-day is at an artificially high level. I think there is no doubt that certain artificial action has been taken to keep our dollar at a high level for the ostensible purpose of making it easier for us to pay our debts in the United States. But as the Prime Minister himself very well said a month or two ago:

> We cannot pay our debts in the United States with Canadian dollar bills.

We pay our bills in the United States by exporting goods to foreign countries, selling those goods, and then selling that foreign exchange to the United States. It will not make the problem of meeting our foreign obligations one bit more difficult to have our dollar at a discount of 30 per cent, instead of at 10 per cent as at present. As a matter of fact, it will make the task much easier. Our production of exports to-day and in the future depends upon increasing the price which we can get for those exports; if the prices increase we will produce more products and export more, and they will bring more in foreign currency, and there will be more foreign exchange available. Foreign exchange has been artificially held down, and our dollar has been artificially held up, for the benefit principally of our provincial governments, our municipalities and our industrial corporations that have bonds to meet in the United States. When artificial action is taken to hold down the price of exchange, and hold up our dollar in the United States, that is equivalent to taking a forced contribution from the exporters of Canada. It is keeping down the price of our products so that provincial governments, municipalities and corporations may find it easier to meet their obligations in foreign countries. The farmer has borne this burden

long enough. It is time that provincial governments and municipalities and corporations should pay the price for exchange which it would naturally fetch in a free market.

The financial stability of Canada is bound up with the financial stability of the farmer—his solvency. To-day our farmers as a class are insolvent. Solvency can be restored by increasing the price of farm products, and that is the only way. I think there is no question of where Canada's interest lies in this matter. I desire to say again that we can have a 40 per cent increase—perhaps I had better not urge 40 per cent; it may scare some hon. members—we can have a 30 per cent increase in the price of agricultural products without increasing the cost of living of the people of Canada by more than 5 per cent. I noticed in a magazine last night that Mr. J. M. Keynes, the prominent economist in England, stated there has been a reduction in the cost of living in England since September, although the British pound is about 30 per cent below par. We can have a depreciation of another 20 per cent, I believe, without increasing the cost of living one per cent in Canada. If living costs did increase 5 per cent in Canada no one would be hurt. The drop in the cost of living which has occurred here has been almost altogether in food, and the farmer has been left in the impossible position, to use a slang expression, of "holding the bag" for everybody else. And the result has become apparent in other walks of life. Not only are our financial institutions beginning to feel the situation very keenly, but we have one-fifth of our population unemployed and the other four-fifths have to keep them in idleness. The best way to start ourselves out of this depression is to allow our dollar to depreciate to the same extent as the British pound. We cannot carry on with any higher level.

Mr. LOUCKS: What effect does the hon. member think it would have on our gold mines if we went off the gold standard?

Mr. COOTE: This would stimulate the gold mining business because it would raise the price of gold. There is no question about that. Gold mining stocks perhaps might go up—I am not concerned about that. We might very well send 10,000 of our unemployed into the north country to hunt for gold so long as we have to pay the United States in gold. But I am not concerned with the gold mining business. I am concerned with the position of the agricultural community. I think Canada's very existence depends on taking care of her agricultural population, and I can see no other way out for Canada, nor for her agricultural population, than by allowing our dollar to come down to a proper level. To-day our money needs to be diluted a little. The cream screw in the separator has been turned in too far; the cream that is going to the capitalists who are drawing interest on bonds, is too thick. The screw must be turned out a little so as to leave the cream the same thickness as it was in 1928 when we got into debt to the class who secured the bonds on which we are so concerned about paying the interest. We cannot go on long paying interest on those bonds unless we can increase price levels; that is fundamentally sound. If the government could only make up their minds, they could get our currency down to par with the pound inside a month. This would be to the advantage of the government. It is true it would increase their expenditure for foreign exchange, but it would increase price levels in Canada and the amount of taxes which the government collect depends on price levels. The sales tax is a percentage on the volume of trade carried on; the income tax depends on the amount of our incomes, and rising prices will increase the receipts of the government through taxation sufficiently to take care of the increased amount they will have to pay for foreign exchange. I do not think there is the least doubt about that. Then, as I said on another occasion, we shall have this positive advantage that the unemployment relief for which the federal government, every provincial government and municipality have to pay, will be lessened. Quite a number of those at present unemployed will be put to work. If the price of farm commodities is increased, the farmers themselves will take a lot of this surplus labour off the market.

I respectfully suggest to the government that the time is long past due when we should take this action. The leader of the opposition, speaking on the budget debate a few weeks ago, in regard to this question, suggested we should wait and see. And the Prime Minister agreed with everything he said in regard to the matter. But the people are repeating what the Good Book says: "How long, oh Lord, how long?" How long must we wait and see? We are almost the last nation now to take this action. New Zealand has depreciated her currency or it has depreciated in spite of her.

An hon. MEMBER: How much better off is she?

Mr. COOTE: The farmer in New Zealand is 25 to 30 per cent better off than is the farmer in Canada; the farmer in Australia is 30 per cent better off, and the farmer in Argentina 30 per cent better off than is the Canadian

farmer. If I might again quote Mr. Maynard Keynes, in a recent article he said that in his opinion Australia was definitely around the corner and headed for prosperity. He said the same thing about Argentina. The people have waited long enough; Canada has waited long enough, indeed, much too long. We should have taken this action a year ago, and I respectfully urge the government to see to it that before long our currency is allowed to come down to a more natural level, at least on a par with the British pound.

Mr. DONNELLY: If we increased our exports until we had a very large unfavourable balance of trade, would this not have a tendency also to depreciate our dollar?

Mr. COOTE: If I caught the hon. member aright, he said that if we had what is called an adverse balance of trade, it would depreciate our dollar. That would be the case if we were not attempting to hold it up. If we increase our exports, of course that will tend to bring our dollar back to par. When the United States and other countries take the proper measures to restore price levels, somewhere near where they were in 1928, naturally our dollar would come back to par. Our dollar is down to-day because of the low price our exports are getting in foreign markets. It must be remembered that it takes to-day three bushels of wheat in order to get the same amount of foreign exchange one bushel produced in 1928. That is the main reason why we are met with an unfavourable balance of trade at this time, and the quickest way to restore a proper balance is to allow our dollar to come down to where the trade balance will take it.

Mr. SPOTTON: If I were to choose a text for my few remarks just on one matter alone, it would be the observations made by the Minister of Agriculture (Mr. Weir) on Tuesday last when he said:

> I thought I had made it clear that it is not decided yet whether it would be better to bring a marketing board into being at the present time or whether it would be better to wait, in view of the Imperial conference and the many difficulties with which we will be confronted in forming regulations and making this board effective. I am sure no person in the house appreciates better than the hon. member for Bow River the far-reaching results which will follow the setting up of a new board of this kind. Therefore it is felt, though not definitely decided, that it may be better to appoint men representative of agriculture throughout Canada to make a special study of this question and report before the next session of parliament.

Inasmuch as the Minister of Agriculture is divided between two opinions, I feel it my duty on behalf of the farmers of North Huron to place on record their views on this matter. What I am saying is in no way a criticism of the Minister of Agriculture who comes from my own county. I was born a few miles across country from him; that was no fault of his. I appreciate his work very much; his native county is proud of him and I wish to commend most heartily his having reached the conclusion that a marketing board should be established in Canada. But I respectfully urge that there be no delay in creating that board. If this government has a lifeline to throw out to the farmers in my riding, I beseech that it be thrown out now. I see no reason why a committee or commission should be set up to inquire into a matter for the next few months, then disappear into thin air and a new committee come out and start to grapple anew with this question. During the last few days we have had committees of four, five or six members report to the house. The committee on the civil service, after they had gathered in all the information they could, brought in a report, and whether we agreed with them entirely or not, we adopted it. We took their word for it that they had made a study of the question and knew more about it than we did. The same thing happened in regard to the radio problem—and, for the moment I am not endorsing the finding. We had a radio committee that studied this question long and earnestly. They brought a report to this house and it was adopted unanimously.

It is an open secret that perhaps forty or more members representing agricultural constituencies have given intensive study to this question of a marketing board and they and all farm organizations from coast to coast, after ten, fifteen and twenty years intensive study, are a unit in asking that a marketing board be established without delay. When we present our views in the matter, why should there be all this hesitation in the House of Commons as to whether the course suggested should be adopted?. I have been wont to condemn the Drury administration for government by commission; I have been accustomed to condemn the King administration for government by commission and I am not going to condone such a policy when we are in office. I just wish to say that every farm organization that I know of from coast to coast, having given this subject more intensive study than I am fitted to do, has stated that it is entirely in favour of a marketing board. I know J. J. Morrison, whom I look upon as the father almost of agriculture in my province, a man whom I have known for over thirty years, and who

when I was trying to be a principal of a school was farming just outside of that little town. I have known him ever since and I may say that he is the one man in Canada that I know who has been big enough to refuse the premiership of the banner province of Canada. When a man is big enough to do that he is big enough to give sitting premiers some advice on agriculture. I speak after many consultations with him. I do not wish to delay the house so I will simply say that the United Farmers, J. J. Morrison, W. A. Amos and Robert J. Scott from my county, who is the president of the United Farmers, and all the farmers' organizations I know of are heartily in favour of a marketing board. I do not like reading newspaper extracts but I shall detain the house by reading this one. The Hon. Manning Doherty, who was Minister of Agriculture for the province of Ontario, and before that professor of agriculture in the college at Guelph, is reported as follows:

> Creation of a national farm marketing board, announced by Hon. Robert Weir, federal Minister of Agriculture, has the "enthusiastic" support of Manning Doherty, former Ontario Minister of Agriculture in the Drury government. In a statement to-day Mr. Doherty says:

And he knows as much about agriculture as any corporation lawyer in this house. He says:

> This is one of the most important steps that has been taken towards the progress of Canadian agriculture in many years. For at least thirty years it has been my conviction that inefficient marketing methods have handicapped the development of agriculture in Canada. We must adopt a national policy governing the grading of products by the government or some impartial body insisting on standardization and uniformity of quality and regulating shipping to preserve continuity of supply in foreign markets. In addition, there must be a continuous study of the requirements of any market—domestic or foreign—being sought for Canadian products. The government is both justified and has a duty to do something of that sort.

I take it that Mr. Doherty, like the apostle Paul, can speak with assurance, knowing whereof he speaks. I am not going to labour this question. I commend the Minister of Agriculture for being perhaps the first Minister of Agriculture who has looked at the end that is clogged up and is striving to open it and provide a channel through which there can be a flow of good, rich, red blood from Canada across the main. I have farmers in my county to-day who have fine, fat steers fit for export and there is not a drover in all those counties coming around to purchase them. They must be shipped down to the Toronto stockyards. Here, sir, I must be fair. The second year I was in this house I said this about the then government:

> The farmer used to be able to take down a carload of hogs to Toronto and to have five packing houses competing for his stock. But under this government the accumulation of capital in the hands of the big interests has resulted in four of these packing houses amalgamating. Now there is practically no competition on the live stock market and the farmer has to sell his hogs and cattle to this combine at their own price.

That is just what has obtained in Toronto. We had the Canadian Packers, Gunns Limited, the Harris Abattoir Company and the William Davies Company amalgamate, four into one, and they are called now the Canada Packers. The farmers throughout the province of Ontario, and I believe justly, feel that if ever there was an octopus, a devil fish with elongated arms squeezing the life out of the farmer in the province of Ontario, it is the Canada Packers of Toronto, and you can write around the head of that devil fish the name of Maclean, if you wish. I am not taking my information from Maclean of Ontario or from Pat Murphy or anybody else in the west; I am taking my information from the people whom I represent, the farmers of North Huron who have confidence enough in me to send me here to present their views on various matters to this chamber. I ask the Minister of Agriculture in all kindness to-day to bring forth this marketing board now. It is as easy to appoint a marketing board to-day as a commission. The men that are good enough to sit on the commission and go around and stay at the best hotels and smoke long cigars and eat three-dollar meals are good enough to work on a marketing board right now, to study the problem and stay around here while the Imperial conference is on, breathing the atmosphere of imperial markets and whatever else is floating in the atmosphere, and then go to work. It will take a month to select these men if they are men acquainted with farming operations, and I hope that at least one of them will be an honest-to-God farmer, living and toiling on his farm and possessing the farm viewpoint. You know, Mr. Chairman, the other day I heard a member of this house using an argument like this: Smith on this side of the road has twenty fat steers. Jones over there has thirty fat steers. Jones happens to have ten steers that are fit for the export market, and somebody comes along and buys those ten steers from Jones. And then the question was asked, what is he going to do with the other twenty? Shoot them, I suppose. He will just do the same with the

other twenty as the man on the other side of the road does with his twenty, butcher cattle that are not fit for export, and the fact that these ten export steers have been taken off Jones' hands and sent across the sea gives him just so much better a market and better a price for those that remain at home, and it shows the Canada Packers, and this is a great point with me, that there can be a little competition in this country by way of a little flow across the pond. The Canada Packers in this province have the farmer of Ontario at their mercy, and they have crushed him most unmercifully. He simply takes whatever they give him. Imagine putting hogs into Toronto at 3½ cents a pound! I say that the farmer has waited patiently, wearily watching for the morning, and I believe that this marketing board will be a lamp unto his feet and a light unto his path, and I want to commend the Minister of Agriculture for his intention to establish such a board. I do not know whether he is receiving the support he should or not. I do not know what might be holding him back. I know not who or what they are, but I say to them on behalf of North Huron: Lay off, and let us have this marketing board, and let the farmers of the province of Ontario know that there is not going to be any dilly-dallying or fiddling while Rome burns.

Mr. GARLAND (Bow River): Mr. Chairman, I rise to follow the remarks of the hon. member for Macleod (Mr. Coote), rather than those of the hon. member who has just taken his seat. Before proceeding, however, may I congratulate the hon. member for North Huron (Mr. Spotton) on the character of his address and the courage he has shown in making such a speech from a seat behind the Minister of Agriculture. I am in complete accord with him as to his idea concerning the establishment of a marketing board. When that matter was under consideration a few nights ago I expressed similar views. One of the reasons I am so completely in accord with the immediate appointment of such a marketing board is that amongst other things unquestionably it would be a very useful factor in arranging and determining the rate of exchange.

Taking into consideration world conditions of to-day there appears to be no simple and expeditious way out of the present agricultural depression other than the one proposed by the hon. member for Macleod. It has been advanced not only in this session but also in preceding sessions by the U.F.A. members. If I needed any excuse for rising at this point—and I am glad to say I do not, especially in a house so eloquently sympathetic towards agriculture and one which appears to understand its problems so well—it would be that in my riding there is a class of farmers second to none in so far as energy, courage, and pioneering capacity are concerned. Unfortunately that same class of farmers, due entirely to conditions outside their control, are to-day in a state of destitution, not second even to the unemployed. There are many farm homes in my riding as well as in many other ridings in the southern and southeastern sections of the prairies in which a pail of jam would be almost an unheard of luxury. I could quote letters from farm women and men that would wring sympathy from every hon. member in this house, even from those hon. members who have just returned from very substantial lunches which cost an amount sufficient to keep a farmer's family for a week.

As all hon. members agree, agriculture was and is a primary industry. Normally about two-thirds of Canada's total income arises from the export of raw materials. In normal years agricultural products alone provide about one-quarter of Canada's total income. That fact demonstrates the preponderant importance of the welfare of that industry to the whole of the nation. I have no hesitation in going farther and saying that until agriculture becomes prosperous there is little hope for the rest of the country attaining that condition.

Let us examine this important industry—the most important in Canada—and ascertain its position. For years it has supplied about 11,000,000 people with essentials. It feeds the world's flour mills, woollen mills, textile mills and other secondary industries enormous quantities of export materials. It is the largest single contributor to our financial, commercial and industrial prosperity. Yet we have what condition? Our rural population in relation to the urban population is steadily declining. Farming to-day is regarded by bankers and others as the most hazardous or one of the most hazardous occupations. Banks have lost all faith in agriculture, as signified by their reluctance to advance loans in cases in which under normal circumstances loans would be thoroughly justified. They have signified their views by the withdrawal from the western prairies of branch banks during the past year. The value of farm lands is steeply and steadily declining. I wonder if hon. members realize that in the last four years the value of farm lands for all Canada declined to an extent of $10 an acre. In the last three

years it declined $9 an acre. Under those circumstances one cannot altogether blame the banks for looking upon farming as a hazardous occupation. The mortgage company indebtedness of farms has increased by twenty per cent. Speaking of conditions in the United States during the last ten years one authority said that every time the kitchen clock ticked off an hour farm lands were worth $200,000 less than they were the hour before. A similar condition exists in Canada. I quote now from the February issue of the Ontario Milk Producer:

> At no time can he recall a period when the farmer's position was so serious as at present. Prices for farm products are at the lowest point they have been for a generation—

May I interpolate that some of them are at a point lower than they have been for two generations.

> —while the mere necessities the farmer must purchase to keep things running show little or no decrease in prices from those of the "boom" days of a few years ago. Coupled with this, taxes have trebled, and other cash outlays have to be met that were not thought of twenty-five or thirty years ago when values for what the farmer had to sell were on a par with what they are to-day. Truly the position of agriculture to-day furnishes the most serious problem confronting governments and legislative bodies, both dominion and provincial. Expenditures for the advancement of agriculture that have proven effective and helpful should not be curtailed one iota. In fact the exigencies of the farmer's position just now may call for increased expenditure along helpful lines to meet the present situation.

The hon. member for Macleod quoted to the house some figures on index prices. Following the line of argument I have commenced I should like to amplify his remarks. The dollar value of the wheat crop in 1931 as compared with the wheat crop in 1928 shows a loss to the farmer in purchasing power from that one source alone of $202,000,000. The loss in the oat crop for the same period is $91,000,000; for barley $40,000,000; for fall rye $7,000,000; for spring rye $2,600,000; for all rye $9,000,000; for peas $3,000,000, and for beans—that product which was taken into the protected fold a couple of years ago and made one of the highly privileged commodities under the fiscal policy of the administration shows a loss in two years of $4,140,000. Probably those figures alone do not tell the full story. Allow me to give the exact figures. In 1929 the total value of the bean crop was $4,920,000; in 1931 the total value of the bean crop was $873,000. It is clear from those and other figures that agriculture cannot be helped by protection, so long as it is on an export basis.

[Mr. E. J. Garland.]

Still further amplifying the grain figures I point out to the committee that in the year 1929 Canada produced 304,000,000 bushels of wheat; in 1931 exactly the same amount, 304,000,000 bushels, was produced. In 1929 we received, in round figures, $319,000,000; in 1931, we received only $117,000,000, indicating a loss of $202,635,000. The comparison between the price received by the farmer for the 1931 crop with that received for the 1928 crop shows a loss of $333,000,000. In order to be fair I must take all agriculture. The estimated gross agricultural revenue of Canada for 1927 was $1,825,000,000, and for 1931, the last year for which the figures are available, it was only $1,240,000,000, a loss to agriculture of approximately $600,000,000 in purchasing power. The loss for 1931 will mean a very large addition to that sum. You cannot take purchasing power totalling $600,000,000 out of an industry without endangering its very existence, and you cannot take that purchasing power out of the income of Canada without affecting every industry in the country.

My hon. friend from Macleod quoted some index figures, which I should like to be permitted to bring perhaps a little more to date. I have the figures for March, as published in the April Economic Annalist, and let me here congratulate the Department of Agriculture on the formation of this branch. To me, as to others, the economic branch is as important a feature of agricultural development as anything of which I can conceive. It bears the same relation to agriculture, and is just as important, as research institutions are to industry and as the statistical aspect of the trade commission branch is to manufacturing industries throughout the country. I hope this branch will be fostered and encouraged, and more than that I urge that those who edit the Economic Annalist, those who have the duty to determine what shall go into it, will be given an absolutely free hand to tell the truth, irrespective of what radical conclusions may be drawn from their statements. If it is to be useful that must be done.

In March the index figure, taking 1926 as the standard of 100, shows a decline in wholesale prices to 69, in all commodities. The figure for farm products is 51, as compared with 100 in March of 1926; for field products, 43·7 and for animal products 65. On the other hand, the figure for retail prices and cost of services, is 84. Retail prices have not come down in anything like the same degree wholesale prices or the prices of farm products

have dropped. As a matter of fact in the March issue of the Economic Annalist, the editor points out:

In spite of a more rapid decline in the last year, the retail price index shows only about half the recession that the wholesale index exhibits. Furthermore, it has taken about two and one-half years to register a decline equal to that disclosed by the wholesale index during the first year of depression.

One may now inquire into the factors keeping up the retail price level in the face of a general decline. That will come later. While I am quoting the Economic Annalist, my statement would be incomplete if I did not give to the committee its report regarding farm debts. I quote from page 41 of the April issue:

Summaries of data collected from Turtleford, Kindersley and Davidson, indicate that from 497 farms providing adequate financial information, 89 per cent were operated by owners or part owners and 11 per cent by tenants.

I may say that this figure is steadily increasing:

Of the 441 owners or part owners, 8 per cent were reported free from debt, the remaining 92 per cent having debts averaging $4,782 per farm.

Mr. YOUNG: How big is the average farm?

Mr. GARLAND (Bow River): I have no information. I presume they would be the average, a half section.

Debts against real estate secured by mortgages plus unpaid amounts on agreements of sale were reported by 81 per cent of all the 441 owners, and amounted to $4,341 per farm for each farmer having this class of debt.

It is not surprising that this condition should have arisen, because for the last three years we have been selling practically everything we produce at a heavy loss, and we have only been able to carry on either by avoiding the payment of debts that have matured or by incurring new debts wherever they could be incurred. A few weeks ago I gave to the house a statement which had just come to me through the mail showing what had happened to a shipment of 21 pullets made by a farmer in Three Hills, a town with which I am well acquainted, located in a mixed farming area. These 21 fine pullets were shipped to the city of Calgary. Eight of them weighed thirty pounds and graded No. 2. They brought the farmer the munificent sum of $1.50, at the rate of 5 cents a pound. The remainder of the shipment weighed 33 pounds and were marked of no value. The freight charge on the whole shipment was $1.50 while other charges amounted to 25 cents, so the adventurous shipper was out exactly 25 cents as well as his 21 pullets; in other words, the shipping charges cost him 25 cents more than his total receipts. That is just one of those pleasant little things that illustrate the trend of affairs.

Another fact that should be placed on record at this stage is that the number of farms in Canada, according to the census returns, increased in the last ten years by 17,154. In other words, during that prosperous period of ten years the number of our farms in all Canada increased by only 17,154. It is clear that a great many more farmers would have gone on the land if it were worth while for them to do so. Let us turn now to the other side of the picture and find out the number of vacant, abandoned lands, according to the same publication of the Bureau of Statistics. We find that the increase in these abandoned lands was almost twice as great as the number of new farms established during the same period. There were 32,767 abandoned farms, as compared with 17,154 new farms. Letter after letter comes to me saying. "Conditions here may be quoted in two words, 'exceedingly desperate.' There is no feed in the country. Straw stacks are fed up and horses are dying by the score." This was in the late fall. I will not burden the house with these letters; hon. members must know the conditions that exist. Prices of cheese and butter dropped, in 1931, to the lowest level they have found in twenty-five years. That was the year in which we were protected against the outside world. Any farmer who pins his faith on protection as a means of advancing or improving his position is like the man who tries to hang on to a jelly.

Mr. SMITH (Victoria-Carleton): How did prices decrease in the United States in the same period?

Mr. GARLAND (Bow River): I am interested at the moment, as my hon. friend's party is interested, in Canada's agricultural condition. Thousands of acres in this country have gone to governments for taxes, and under mortgage foreclosure.

Mr. SMITH (Victoria-Carleton): That is not answering my question.

Mr. GARLAND (Bow River): Five hundred thousand men are walking the streets to-day, out of work and unable to buy many of those things we are anxious to produce and sell to them, such as fine vegetables, better beef and more of it, clothing and all those other things that go to make life happy. Thousands, nay tens of thousands, cannot pay interest or the principal of mortgages as they accrue.

Taxes on lands are steadily climbing in this splendid young agricultural nation. Why do poverty and bankruptcy exist in agriculture to-day; why is agriculture in Canada virtually bankrupt at this moment? Is it bankrupt? I will just give one illustration. The municipal district of Blackfoot, No. 218, advertised in the Alberta Gazette, of Edmonton, of January 30, 1932, a list of lands amounting to a total of 162 quarter sections, that were to be sold for taxes. That is in one municipality, and if that is not an indication of bankruptcy, I do not know what would be. Most of us are holding on to our farms only because the mortgage companies cannot collect and do not want the land.

I will give the committee some of the reasons why, in my opinion, agriculture is in its present condition—just some of the reasons, not all of them: world conditions, certainly; lack of purchasing power; general financial breakdown; complete collapse of the monetary systems throughout the world. Undoubtedly all these are great factors. But another factor is high protection. Here is agriculture selling everything in an open market, in the lowest price market on earth.

Mr. SMITH (Victoria-Carleton): In that connection may I ask the hon. gentleman a question. What about free trade England?

Mr. GARLAND (Bow River): In the first place, free trade England is not primarily an agricultural country, nor does free trade England export agricultural products; she consumes at home almost everything she produces in that direction. So that the hon. gentleman's point is not clear. I say, we are selling in a free, open, low-price market, but everything we buy, every blessed thing we buy, we buy in a protected market, in which, so far as possible, a monopoly is given home producers and from which competition is eliminated so far as it possibly can be. The inevitable result is that we are paying prices that are far too high for what we need in order to produce agricultural commodities; we are paying far more than we should pay otherwise.

Mr. MULLINS: May I ask the hon. gentleman a question?

Mr. GARLAND (Bow River): I would rather not; I have only forty minutes. The hon. member is very eloquent himself. Another point is high taxation. This may be inevitable under the existing system, but we believe that we have put forward from this corner suggestions that would lead to a steady contraction of debt and tax obligations. Another reason is the enormous interest rates that agriculture has to pay in Canada. Why should agriculture, the basic industry, the great producer of our wealth, a contributor of one-fourth of the national income, be paying eight per cent or more? Surely this is an utterly and hopelessly illegal rate under the Bank Act itself. Under normal conditions industry gets its money at five and a half or six per cent. It is an unfortunate and quite an unfair handicap. Not only that, but if you compare conditions in Canada with the conditions in other countries in that regard you find that the farmers in the United States, Germany, England and France all have credit systems which secure for them money, both long and short terms, at rates very much below ours. We are handicapped, and very seriously handicapped in this country, in the matter of money rates. Another point is this, that we pay such extortionate prices for farm implements. In that regard, if hon. members wish to be convinced of the truth of what I am saying, I will quote a Mr. Asher Howard—I believe that is his name—who is an authority on agriculture. I presume, at any rate, that he is, because he left Winnipeg last year to visit Houston, Texas, to address the thirty-fifth annual convention of the grain and feed dealers' national association, and in his address he said:

> We are told the farmers of the United States, according to the 1930 census, have $3,300,000,000 invested in farm machinery.

He is speaking of United States farmers.

> The machinery on these farms cost $1,300,000,000 more in 1930 than it would have cost at 1914 prices. The farmer has to pay $165 for the same farm machinery which cost him $100 in 1914.

If that be true of the United States, it certainly is equally true of Canada. As a matter of fact, we probably pay a good deal more. Another reason why agriculture is in this condition is that our geographical situation is what it is. We, of all the chief exporting agricultural countries, are farthest removed from the seaboard, and this is a terrific handicap. Take Russia: the Black sea penetrates almost to the very fringe of her wealth-exporting districts. Take Australia: again, her agricultural lands are all on the seaboard; and the same with the Argentine. The only other country which is in a situation similar to ours is the United States. We are handicapped also in the matter of freight rates. We have a comparatively reasonable rate on grain and grain products. But that is not all. You see, everything we buy, because of the centralization of finance and industry in the east, flowing from east over long tracts of

lands, we have to buy at high prices, and we pay high freight rates on everything entering into our production. We are, therefore, at a serious handicap in that regard.

At this stage I have no hesitation in saying that, under the tariff system which was introduced more for the purpose of building up infant industries, we have allowed the infants to grow up to giants, at whose door can be justly placed the pauperization of the farms to-day. It is utterly unfair that one class of the community or one industry should have to carry the major part of the load of the privileged industries of the country; yet that is inevitable so long as the class which is taxed cannot pass the tax back to somebody else. We farmers have no power to fix prices; you, as industrialists, do fix prices. You can fix them by gentleman's agreements and by combines, by adjustments—oh, well, you know how it is done without my telling you, and we know how we pay. We pay a part of the taxation of others in every package of groceries, every suit of clothing, every box of household goods and every implement we purchase for the farm. We pay a part of the taxes of others in that way, and yet we have no equity in the great industrial plants of Canada. These are facts which hon. gentlemen might well be apprised of in a consideration of the dire condition in which we find ourselves to-day.

The general policy of this government, wise as it may be in its own conception, inevitably hampers the Minister of Agriculture. What can he do? Why should I berate him? Why should hon. members criticize him? He cannot find wider markets for our products, which is the essential thing, so long as we are surplus producers and so long as the government's fiscal policy is to contract those markets and make them narrower and narrower. I have personally the deepest sympathy with him, because I am convinced that after he has been some time here he will realize, as he must realize to some extent already, from his previous studies, that undoubtedly the thing that agriculture needs at this moment is some outlet for its products at prices that will at least pay the cost of production. These are the two major necessities.

One suggestion occurs to me at this stage. If the Imperial conference, or if any governmental policy separate therefrom, is to be a factor in the future prosperity of agriculture, it will and must entail a definite organization and planning of agricultural production. It cannot be left any longer to the haphazard fortune of individual initiative alone. There must be organization and direction. A fantastic thought? Maybe; and hon. gentlemen smile. Well, I say to them that, possibly in their lifetime, but at any rate sooner or later, they will find that all industry will have to be rationalized. The planning of national production is essential to the restoration of prosperity and to the continuance of it, certainly to the stabilization of prosperity in the future. And there is no field in which this necessity is more apparent than it is in the field of agriculture.

Mr. SMITH (Victoria-Carleton): I should like to ask the hon. gentleman a question, and I ask it for information because I am interested in his remarks. Will he tell me how the government could go to work to regulate the production of any single agricultural commodity in this country?

Mr. GARLAND (Bow River): Thank you. I am not suggesting for a moment that the government should go to work and organize it. I am suggesting that organization is essential and that we should have national direction and cooperation of the government. I am not asking the government to take control of agriculture—although some day we may have to. It has already been proposed in the west. It may be necessary that we have national control—I would not be a bit surprised. But that is in the future. But I do say that intelligent direction is a necessity. Indeed I go further—it is the duty of this or any government that may succeed it. National planning of agricultural production of wheat, live stock and all the others, especially those in the export field, is necessary. What is the result if you do not have such national planning? The result is the chaotic condition you have at the present time, a condition almost approaching anarchy, in industry generally as well as in agriculture.

If, Mr. Chairman, this government will centralize upon the advance of agriculture rather than upon the advance of industry alone, prosperity may be dug out of its corner. But may I revert for a moment to the question of control. Control of marketing processes is one of the developments that agriculture must undertake—has already commenced to undertake. But to establish that control requires finances, it requires organization. Individual farmers, or groups of farmers, are unable to advance the initial stages of it due to lack of funds. This government can very greatly assist any schemes of that kind. If they do not—well, I do not know that the individualist farmer can help himself. It is regrettable, but so long as most of our farmers have that strange

philosophy of isolation, it just means a continuation of subjection, and, through an impoverished agriculture, a lack of prosperity for the whole country.

Hon. gentlemen sometimes burst into paeans of optimism over the rise of a cent or two in the price of wheat. I should like to see it advance substantially in price. But let us look at the export conditions in regard to wheat and then we may get some conception of the utter need of planning. I will take an extract from the reports of the Imperial economic committee on the wheat situation for 1931, showing the approximate wheat stocks in important areas on August 1, 1921, up to August 1, 1931. I will not weary the committee nor burden the record with all these figures but merely give the totals. The grand totals of wheat stocks in important areas on the first of August were as follows:

Year	Bushels
1921	476,000,000
1922	507,000,000
1923	461,000,000
1924	578,000,000
1925	419,000,000
1926	482,000,000
1927	521,000,000
1928	590,000,000
1929	858,000,000
1930	809,000,000
1931	904,000,000

Well, what are we to do, keep on producing? Mr. E. W. Beatty the other day forecast that the coming crop as a result of moisture conditions in the west may run as high as 400,000,000 bushels. What will happen? Is the government making any preparation in regard thereto? The British quota system as proposed at this time may increase slightly the wheat acreage in England, but it can be of no permanent or definite advantage to the Canadian farmer who raises more grain for export than the entire British market can absorb, and in addition the only result may be the antagonizing of other markets.

May I quote the Prime Minister of Great Britain, who in a speech just prior to July 30, 1930, confirmed earlier announcements that the government's agricultural policy, which was then taking final shape, would contain important provisions concerned with better marketing through cooperative organizations. That is, the government of Great Britain was making it part of its business. He said:

> There is no suggestion that this constitutes a complete remedy for the farmer's troubles. On the contrary, the need for a variety of measures is fully realized, and this will be seen when the government's proposals are made known. The view is taken, however, that whatever else may be done to improve the conditions in agriculture there can be no lasting prosperity until farmers in combination, with the aid of capable officials of cooperative organizations, control the marketing process in a manner which is now impossible.
>
> They are entitled to, and must have, a reasonable share of the wide margin which now exists between the prices they receive and the prices consumers pay, for their products. Moreover, cooperation opens the way to more fruitful labour and to important economies in various directions, apart from prices.

If one needed any further indication of the necessity for something of this kind, it is found in the present cattle situation. Up to a few months ago the live stock surplus in Canada was passing to Great Britain through the Canadian Live Stock Pool, whose contract with the Cooperative Wholesale Society made this possible. The pool planned to handle throughout the year the surplus in this way. It would mean losses during bad months and just about the cost of production or a little better in good months. It was proposed out of good months' sales to lay by a reserve to take care of the losses, in order to ensure the possibility of disposing of the surplus. Unfortunately so far as the Canadian Cooperative Live Stock Pool was concerned this plan commenced in the middle of a good season, and shortly afterwards Great Britain went off the gold standard. The result was that on all our shipments we were losing about ten dollars a head. This loss rapidly swallowed up all cash reserves. The Canadian Live Stock Pool could not carry on any longer, and so shipments to the markets at once fell off. Now, Mr. Chairman, I know the Minister of Agriculture has been approached before in this matter. I simply wish at this stage to urge upon him not consideration alone, but immediate action if possible. The cooperative after all is the only body sufficiently widely organized at the present moment to be capable of handling this plan, unless the government itself steps in, and that apparently is not acceptable at this stage. Moreover, until there is some form of control over the entire surplus there will be danger, and so legislation will be necessary to empower the Live Stock Cooperative to secure on the sales of all export cattle during good years—or preferably on all cattle so that the home as well as the export will pay a share of the cost—a certain percentage, to be devoted to the expense of carrying the surplus live stock constantly and steadily to the market. I am convinced that if we can move that surplus the price of cattle will at once begin to move up.

Mr. BOWMAN: Does the hon. gentleman suggest a levy?

Mr. GARLAND (Bow River): I am in agreement as to that. In this we ask the government's initial help. Personally I am not asking any more than that at present and legislation in order that we may be able to assess all producers to move the surplus off the market. This would react not only to the benefit of our live stock producers but of the whole of Canada. Many men who have studied this subject during the last six or eight months have expressed themselves as favourable to the proposal. The significence of this suggestion lies in the fact that the removal from the home market of five to six hundred cattle and two or three thousand hogs a week by placing them on the export market would at once stabilize prices in Canada and cause an inclination upwards.

Now, Mr. Chairman, if that is not done the inevitable result will be that the portion of the country producing the greatest live stock surplus per capita—and that means western Canada—will continue to do all it can to move its stock on to the available markets, principally in Ontario, and so inevitably and continually smash the market of the Ontario farmer.

Mr. KENNEDY (Peace River): It is smashed now.

Mr. GARLAND (Bow River): The hon. member for Peace River suggests that it is smashed now. Of course it is smashed, because that surplus backed up; we were not able to get rid of it and prices sagged. But as long as western Canada is producing, as she is doing to-day, more eggs, butter, sheep, live stock of all kinds, wheat, and all other grains per capita than any other portion of Canada, so long will you find the surplus produced that cannot be sent abroad, flowing into the other markets in Canada and destroying the possibility of prosperity of agriculture therein. I dislike taking so long on the subject, but it is one of vast importance to me. At this stage, just on this very question of cattle, let me read a statement from the publication What's What in Western Canada, an excellent series of pamphlets being issued by the Country Guide:

During the first part of the season—

That is last season:

—it was profitable business—

That is the shipment of cattle.

—but with the abandonment of the gold standard by Britain a new and entirely unforeseeable situation arose. The paying power of the pound was reduced 20 per cent in terms of Canadian currency.

I wonder if hon. members now realize why we who are exporters are anxious to have our dollar on a parity at least with the pound. I continue to read:

This had the same effect as doubling the ocean freight rate. Heavy losses were sustained by exporters on cattle in hand. This spring the export business has been resumed on a modest scale with cattle going forward from western feed lots. The exchange situation has improved somewhat but the greatest necessity at the moment is the restoration of parity of exchange between the Canadian dollar and the pound sterling.

If the dollar had declined in ratio with the pound the export of cattle could have continued unchecked. My forty minutes are exhausted.

Mr. BENNETT: In order that a message from the Governor General's secretary may be read to the house, I beg leave to move that the committee rise, report progress and ask leave to sit again this day.

Motion agreed to.

Progress reported.

ROYAL ASSENT

Mr. DEPUTY SPEAKER: I have the honour to inform the house that the Speaker has received the following letter:

Ottawa, May 13, 1932.

Sir,—

I have the honour to inform you that Right Hon. F. A. Anglin, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber to-day at 5.30 p.m., for the purpose of giving the royal assent to certain bills.

James F. Crowdy,
Assistant Secretary.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house again in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Dairying, $231,300.

Mr. MARTIAL RHEAUME (St. Johns-Iberville) (Translation): Mr. Chairman, I deem it my duty, as representative of one of the finest farming counties of this country, to strongly protest against the reduction in the agricultural estimates for the fiscal year, 1932-33. If these appropriations are compared with those of 1931-32, we find that there is a cut of 33 per cent. The time is ill chosen to effect such an economy because agriculture suffers the most in the present crisis. I note

in the agricultural appropriations the following decreases: dairy industry, $63,700; live stock, $150,000; experimental farms, $83,000; exhibitions, $30,000; health of animals, $896,000; publications, $30,500; Destructive Insect and Pest Act, $376,700. Instead of cutting down the budget of Agriculture, we should have increased it, and reduced that of National Defence.

With reference to experimental farms, last year's budget has been decreased by $833,000. Yet experimental farms are far more useful than military institutions such as for instance, the Kingston college. These model farms render great services to the farming community and all agree that farmers require the information supplied by them in order to improve their farming methods and lower the cost of production.

It was quite a mistake to reduce by $300,000 the grants to exhibitions. Farmers gather in large numbers at these exhibitions in order to witness for themselves the progress made by scientific methods. They are a living example of the progress achieved. The committee on agriculture were certainly wrong in accepting such a cut, when rather large outlays have already been made at Sherbrooke, Quebec, Three Rivers, Ottawa and in other cities throughout the country. It certainly does not help farming.

The appropriations to safeguard the health of animals are reduced this year by $896,000. The main endeavour of a government is to watch over the health of its people; this decrease, however, in the estimates will impede the testing of cattle for T.B., which has been going on throughout the country, especially in Quebec. In my own county and in a number of the surrounding counties, large outlays have been made to get rid of cattle infected with tuberculosis. After expending millions of dollars, this practice is discontinued when it has become indispensable, since the dairy industry is the most affected in this crisis. It behooves the hon. Minister of Agriculture (Mr. Weir) to increase rather than decrease the outlays of his department, especially in connection with the health of animals, because, by protecting cattle against disease, the health of the people is safeguarded.

The government is also wrong in reducing by $30,500 the amount appropriated to publications. By means of this appropriation very useful pamphlets were distributed to farmers in order to acquaint them with the results of experiments carried out on model farms.

With reference to the encouragement given to farmers and their sons, through information supplied by experimental farms, I have here an article published by La Presse in its issue of April 21, 1932, which reads as follows:

The young Jean Boudriau, son of Joseph Boudriau, 18 years old and a member of the club of Young Holstein Breeders, of St. Sebastien, county of Iberville, has just established one of the most remarkable dairy records in the history of the Holstein breed.

The record of his milch cow "Rose Pooch Alcarta Boeta" 195235 was officially controlled by the Dominion Department of Agriculture, Record of Merit control service. This milch cow began milking on January 18, 1931, at the age of 2 and 316 days and, in the course of 365 days, gave 23,253 pounds of milk and 776 pounds of fat. In order to qualify, it had to produce but 9,865 pounds of milk and 335 pounds of fat; it more than doubled the yield required to obtain the certificate.

This young man, 18 years old, son of an excellent farmer, has just established a world record. This branch of farming should certainly be encouraged in preference to industrial establishments. The government levies customs duties to protect manufacturers, yet neglects the farming community.

In this connection, I wish to congratulate the hon. member for North Huron (Mr. Spotton) who had the courage to rise in the house and ask the Minister of Agriculture to create a sales board for farm products. The hon. member also referred to the slaughter-house trust. I am well acquainted with their dealings. If Toronto has reasons to complain, we also have in Montreal, in fact, throughout Quebec. The hide trust is also a matter of great complaint. I wish to acquaint the committee with a list of prices I have here. Calf hides sell at 2 cents per pound; steer hides 1 to 1½ cents per pound; sheep skins 50 to 55 cents each, those sheared are worth nothing. The price of select hogs, live, is 4¾ to 5 cents per pound, slaughtered, 6½ to 7 cents per pound; steers on the hoof are worth 2 cents per pound, in carcass, generally from 4 to 7 cents, with the exception of young steers; select calves, live, 3½ cents per pound, in carcass 4½ to 5 cents; ordinary calves, 2 cents per pound.

With such low prices how can farmers subsist? These prices are ridiculous. Hides sell to-day at what they sold thirty-five years ago. I listened the other day to the hon. Postmaster General referring to the prices of 1905. If the prices of 1905 are to be compared with those of to-day, the increase on farm implements must also be taken into account. In the first instance, mowing machines sold for $25 to $30, while to-day they sell for $95 to $100.

I stated that it is more than time that the government should help agriculture. The greatest reduction in the estimates is to be found in the budget of this department. This year, the budget of national defence was cut 16 per cent, while that of agriculture was cut 33 per cent; if we compare this year's estimates for agriculture with those of 1930-31, the cut amounts to 38 per cent. Yet it is contended that the government is doing everything possible for the farming community! I entirely disagree with those who express such views. No government, for a great number of years past, has expended so little on agriculture.

The following is a statement by the Postmaster General, in the course of an interview granted to a delegation of farmers, on April 25, 1932:

> The hon. Arthur Sauvé received on Saturday a delegation of farmers, he stated to them that he could not possibly outline the government's policy on agriculture as this rested entirely in the hands of the Minister of Agriculture.
>
> "As I stated in the house, the other day," he said "I still look upon a rebate on butter as a great advantage, especially for the farmers of Ontario and those of the eastern part of this country. However, I always held the view that this kind of bonus was rather within the jurisdiction of provincial governments owing to local conditions and the various kind of farming which differs greatly."

I wish to inquire from the Postmaster General whether the government consulted the western provinces when it decided, last year, to grant the farmers a rebate of 5 cents per bushel of wheat.

I regret in not seeing in his seat the hon, Minister of Marine, the member for Chambly-Verchères (Mr. Duranleau), whose county is adjacent to mine. Let him recall—I suppose he will deny having made such a statement, as all members of the government have done until now—that during the 1930 elections, he travelled over his county with his organizers stating: "If I am elected, if the Conservative party assumes power, you will sell your butter 50 cents per pound, your milk, $2.50 per cwt., the Montreal bridge will be free of tolls and you will be able to cross at St. Laurent without paying a cent, you will obtain everything you ask for." The other day the hon. Minister of Marine—who contends that he is swayed by political considerations—criticized me for having protested against the outlay of $135,000 in his county for work pursuant to the Unemployment Act. He stated that I had no complaint to register as I had obtained $110,000 for the same purpose. I must add that had this work been under the control of the Minister of Marine, the county of St. Johns-Iberville would not have obtained $110,000 for said work. Out of this total amount of $110,000, authorized by the Quebec government, the Dominion government's quota was but $27,500.

The hon. minister seems to think that this was a gift made to the county of St. Johns-Iberville, which has a right to its share just as much as the county of Chambly-Verchères. The Minister of Marine criticized me for having no consideration for the working people of his county; my reply is that he has much less for mine. The Minister of Railways (Mr. Manion) having granted the sum of $14,500 for the purpose of building a retaining wall along the Chambly canal, in my county, the Minister of Marine dispatched to us about thirty good Tories from his own riding to carry out the work, this to the detriment of the unemployed of the city of St. Johns.

I regret that the hon. minister is not in his seat, as I had a few other things to disclose to him, however, I trust that in the near future we will be given an opportunity to settle our accounts.

I read the statement of the Minister of Marine as regards butter; he stated that he was against importing butter. It was not exactly the policy he followed, for, according to the reply given to the question I put in May, 1931, I find that butter imports from February 1 to April 30, 1931, were 2,147,494 pounds, namely, about 700,000 pounds per month. The imports from New Zealand were 286,440 pounds, while those from Australia were 1,683,416 pounds.

Our genial friends opposite promised the farmers that should their party assume power the butter imports would immediately stop. Fortunately, the situation has somewhat improved. I also find, however, according to replies given in answers to questions, which I recently put, that we still import butter from New Zealand. Moreover, a new treaty with the latter country has just been concluded. I am not opposed to it, because my views are that we should trade with other nations. That is the Liberal policy and I endorse it. I trust that the right hon. Prime Minister will negotiate other treaties either with France or other countries, in order that we may be given markets in which to sell our products and that our factories may not remain closed.

In the city of St. Johns there are almost 1,000 unemployed; factories are practically at a standstill, workmen have not the money to purchase anything. A number of good

Tories tell them: "it is true that you are not earning much, but, on the other hand, living is cheap." The working classes of my county, as those of other parts of Canada, are not in the habit of begging. The workman likes to work and earn his bread. During the war potatoes sold at $7 per bag, and meat retailed at 55 and even 60 cents per pound. Our workmen never refused to pay those prices, because they earned good wages.

To-day the situation is different, prices have come down considerably, and I agree that they can, with some truth be told "You are not earning much but it costs very little to live." However, I repeat it, the workman dislikes to depend on charity, he prefers to work and pay for his food. It is work he claims. When Conservative candidates visited my constituency, they proclaimed, as they did everywhere "Canada First" and added, if we are elected, there will be work for all those who wish to work.

There is much discussion taking place about the price of butter, cheese and eggs, and a short while ago a member opposite interjected: "tell us about the prices in the United States." I think, sir, that we are not concerned with the prices in the United States, but we should be looking after the interests of the Canadian farmer. I would suggest that the government give greater relief to the farming class than what they are now doing; I contend that the government have no right to reduce the agricultural appropriation by 33 per cent when they are given a blank signature under pretence of assisting agriculture and maintaining order.

The farmer dislikes to depend on charity; what he seeks are markets to sell his products, so as to enable him to meet his personal liabilities. He wants the government to fulfil its 1930 pledges. I trust that the suggestions made by the hon. member for North Huron will be fully considered. As he stated a short while ago, it is urgent that the government should get down to business. Various and numerous commissions were promised except for agriculture. I note that the budget of agriculture is the most neglected; it is the department where the smallest outlays are made when the largest disbursements should be made. If we need markets to sell young steers from Toronto, we also require them to dispose of butter, cheese and other Quebec farm products, in order that our farmers may earn a livelihood. We are reduced to sell calf hides at two cents per pound. Just two weeks ago, to-morrow, I sold seven skins for $1.22. I have been in the business for thirty-five years, and never before, have I ever sold them 15 or 16 cents each. Steer hides are selling to-day 1 to 1½ cent per pound. I consider that, under such circumstances the government should hold an inquiry in order to remedy such conditions. A saddler informed me recently that harness leather sold at 42 cents per pound. If one must pay 42 cents per pound for leather while steer hides are sold 1 to 1½ cent per pound, I state that there is something absolutely wrong and that it is urgent for the government to espouse the cause of the farming class.

Mr. BERTRAND: I want to take a very few minutes of the time of this committee to speak on the subject before us of agriculture in general. It has been pointed out by different members who have addressed the committee that the farmers at the present time find themselves in a very bad situation.

May I say at the outset that I do not want to be in the least critical of the Minister of Agriculture. I do not want to blame him in any way whatsoever for the present situation. It has reached the stage where it is no use blaming each other for what is happening at the present time. Something must be done to relieve the situation of the farmers of this country at this time. It does not matter if the situation in the west is better or worse than the situation in the east or in the central provinces. The one thing sure is that if things keep on the way they are going the farmer will not be able to stay on the land. In the eastern part of Ontario we have farmers leaving their farms week after week, and the number is constantly growing. If this keeps up we do not know what will happen to this class of our citizens. I happen to represent an agricultural county and I know that our people are really in a very distressful situation. They cannot meet their obligations; they cannot even pay their taxes. Although there has been a moratorium declared in the province of Ontario the farmers cannot even meet their interest charges or, I repeat, their taxes. On the other hand, as the hon. member for North Huron (Mr. Spotton) has so very well said, there are many octopuses which are squeezing the farmers throughout Canada. My hon. friend mentioned one to which I shall probably refer a little later on. But there are others. I refer to the dairy industry. In this part of eastern Ontario our farmers are supplying lots of milk to be consumed in the cities of Ottawa and Montreal. The dairies are paying to the farmers $1.10 for 100 pounds of milk, or 11 cents per gallon. They claim that each and every week there is a certain surplus sent in to the dairies, and for this

surplus milk the farmer is paid 55 cents for 100 pounds. On the other hand, when the milk is sold by the dairies the consumer pays 9 cents a quart if he buys it from a grocery store, 10 cents a quart if sold in certain districts, and in other places the consumer pays 11 cents a quart. But take the average price as 9 cents a quart, the price at which it is sold through the groceries without delivery charges. That means that the consumer pays 36 cents a gallon or $3.60 for 100 pounds. So the spread between the price which the consumer pays and the price received by the producer is very high, for $1.10 is received by the producer and $3.60 is paid by the consumer, or a difference of $2.50 per 100 pounds goes to the middleman. When our farmers meet their friends and relatives living in the neighbouring cities and learn that they are paying $3.60 per 100 pounds for milk for which the farmer receives $1.10 per 100 pounds, they feel most dissatisfied and they blame the government for that situation whether the government is to blame or not. That is one matter which I think should be taken into very serious consideration by the Minister of Agriculture.

I would also mention leather, which the hon. member for St. Johns-Iberville has just mentioned. Raw hides are selling for two cents a pound and calf skins are selling in our district at fifteen cents a skin, which is not quite two cents a pound. After the farmer has sold his hides for two cents a pound he turns around and finds that he has to pay 42 cents a pound for the leather he buys. The spread there again is too wide. Surely there is something there that is absolutely unfair. The farmer cannot understand why there should be such a wide spread, and he feels very dissatisfied. He feels that he has not only to bear the stress of the depression through which we are passing, but that there are other interests and other industries in this country which are too heavily protected. I bring this matter to the attention of the minister, and I would urge upon him that this is surely a case where something should be done very soon. I claim, Mr. Chairman, that in the two cases I have mentioned the farmers are up against real octopuses whose long-stretching arms are squeezing the life out of the farmer. If the meat-packing industry is doing the very same thing, as the hon. member for North Huron has pointed out, the farmers are truly in a deplorable position, and something should be done to protect them. When the farmer reads in his paper that the mining industry, for example, is helped by bounties and subsidies on transportation costs at so much per mile, and that manufacturing industries are kept functioning by means of government assistance through the tariff, dumping duties and the like, he really feels that the farmer not only in his own district but throughout Canada is not receiving the attention at the hands of the government which he deserves. Hon. gentlemen of all parties represented in this house have expressed themselves as absolutely in sympathy with the farmer, and I know that the Minister of Agriculture is willing to help them all he possibly can. On the one hand we hear the suggestion that the stabilization of currency would be beneficial. Other hon. members suggest that the establishment of a marketing board would be a great help. To my mind however various studies should be made so that one, and not all, of these suggestions might be adopted, and something accomplished to promote agricultural prosperity. The minister has in his department men upon whom he can rely, men of experience who are familiar with the situation in Canada. I think he should ask them, or at least some of them, to make a thorough investigation of the agricultural situation in Canada, and devote their attention particularly to financial organizations, capitalization directorships, and the profits the octopuses are taking from farm revenues.

Mr. F. E. M. Robinson, president of the National Dairy Council, has declared that the excessive profits of city milk distributors are chiefly responsible for producers not getting a fair share of consumers' dollars. As Mr. Robinson is one of the directors of a leading dairy farm in the dominion he ought to know what he is speaking about. I ask the Minister of Agriculture to establish some kind of committee so that a fair investigation may be made to ascertain why there is such a spread between the prices paid by the consumers and those received by the producers.

I have many articles before me which I should like to read, all indicating the spread I have mentioned, but I shall be content to close my remarks by urging upon the minister that he authorize a thorough inquiry so that the farmers may receive more protection from the government. Such action ought to be taken immediately because Canadian farmers are in a most unfortunate situation, and if they are to be kept operating they must be given immediate attention.

Mr. MOTHERWELL: Mr. Chairman, when this estimate was considered previously there was such a demand for the floor that I found myself lacking an opportunity to say a few words. This afternoon I find myself in much the same position, so I hasten to take some of the remaining time that I may show which

side I am on with regard to the marketing board proposal. In my view the minister is to be commended for introducing the subject at this time, and for creating so much interest in a problem which has been probably more than any other before the country during the last twelve months. I am afraid however that with such a multitude of advisers too many cooks may help to spoil the broth. As I listened to the number who wanted to get into the minister's band wagon I thought that he would have to have a very commodious vehicle to hold them all. However that is a good omen, and it would seem that he is moving in the right direction.

Whatever may come out of the project I want him to understand that I am sympathetic and friendly towards the step he is advocating, the promotion of an export marketing board. When taking that stand I hope I will not shoo away any hon. members now supporting the suggestion. I know that sometimes there is that danger. The other day as I listened to my friend the minister explain the various pros and cons, and as I heard his statement that the government had not yet decided whether or not they would bring a bill down this year or defer it until later and have the matter placed before the Imperial economic conference, I thought of the difficulties he must have had in bringing the project even to its present stage of development.

It seems to me that at this stage the minister is going through his parliamentary labour pains prior to giving birth to his first export marketing baby. This is always an interesting occasion, and a time when there are usually plenty of medical advisers and nurses around. My fear at this time is that I may add one too many. In spite of that fear however I have no intention of posing as the foster parent, or of showing a desire to adopt the baby. If anything should happen, however, I should like to be at hand to promote its cause and success in any way within my power. I believe the project will give a certain amount of encouragement to agriculture and that it is capable of development, but at the same time it is bristling with difficulties of which few people are aware. I will have no complaint if the minister takes lots of time to look before he leaps, so that he may not run into any unnecessary snags. I believe I would be well advised however to leave to him the decision as to whether or not he will bring in a bill this or next session, or go first to the Imperial economic conference and bring in his bill at a later time.

I can see without very much trouble that there is a difference of opinion on his own side of the house as to the better course to follow.

[Mr. Motherwell.]

Possibly I would be causing difficulty rather than helping if I were to take a stand on that point. The minister knows my views, and I do not think it is advisable further to proclaim them. After all, whether a bill is brought down this session or after the Imperial economic conference is only a matter of important detail. I would suggest however, no matter what course he pursues, that he lose no time in getting the very best man he can find to send overseas to get in touch with delegates who are likely to come here, a man who will get in touch with the various farm organizations in Scotland, England and Ulster so that they may know what we in Canada are proposing, and so that they may not come here and find themselves confronted with a proposal of which they do not approve. Let us not forget how we looked upon a similar board when Australia took action. That was under the "Patterson" plan. The dairymen of Canada immediately rose up on their hind legs and asked the government of the day to impose the dumping clause against butter from Australia, and their request was granted. I advise the minister to be very careful, and without any desire to give him too much advice may I say I think the best course to pursue would be to send his best man to sell the idea of a marketing board to our kinsmen across the sea. I would advise that that man return on the same vessel as the delegates coming to Canada. In that way he would have an excellent opportunity to contact with the delegates, and to iron out difficulties before landing on Canadian shores.

I should like to direct a few remarks to a matter with which the hon. member for Bow River (Mr. Garland) dealt. There is a very important prerequsite to the marketing board, namely, a commercial channel extending across Canada through which marketing may be carried on. I do not think it is contemplated that the board itself will engage in general merchandizing, though occasionally it may have to do so. If we do not have it now, we should establish a general commercial channel through which our exportable products can be disposed of. We have only one organization of that kind now; that is the cooperative live stock pool which extends from one end of Canada to the other.

May I, without offence, suggest to the minister that he do everything in his power to get the Beef Producers Association of Calgary and the cooperative live stock pool together. Try to get them pulling on the one rope. I do not think the pool could be an entire success without the ranch cattle, which give a peculiar quality to the whole product. I mentioned

this last year in a different spirit probably, as the minister will remember, but I hope it did no harm. I hope the minister himself has become aware of the danger of having two farm bodies competing for the same cattle, the same ocean space and in the same market. I know some of the men connected with the beef producers and others connected with the pool; they are good men, but we want them all to concentrate on one organization without which, in my opinion, the export board cannot operate successfully, but with which there is no reason why the board should not be a magnificent success.

I think I will just leave it at that. I believe the minister knows what I mean when I say it is very important to get started off on the right foot. Have a good cause; start right and, as the old saying goes, well begun is half done. Whether the minister proposes to bring in the bill now or later, my support will be equally hearty for the good of the cause. I think the minister himself, and his colleagues will have to be the judges.

I have great hopes for the minister's improvement, notwithstanding his inexperience; he is developing every day. Of all the ministers of agriculture I think no man started with less experience than the late Sir John Carling, but no man did more for agriculture than was done by that same gentleman. He was responsible for establishing the agricultural college at Guelph when he was provincial minister of agriculture, and he was also responsible for the chain of experimental farms across Canada that has no equal, I believe, in any other part of the world. So I say there is hope for the minister, who started with very little experience and who has been given very little assistance by his colleagues, who know very little about agriculture. The minister has a great responsibility; he is the only one of the sixteen or seventeen ministers who knows anything about agriculture, and I compliment him for having sought assistance elsewhere. Last year he called to his aid three excellent gentlemen, Professor Barton, Doctor Archibald and Mr. Robertson, president of the National Dairy Council, to advise him in connection with dairying matters. If he had searched all over Canada he could not have found three better men for that purpose, but there was a hitch somewhere. He got the advice, but as I know and as the minister knows there are other things necessary as well. He must be able to put across his proposals in council and to so excite the interest of his colleagues that they will support his recommendations. I do not know what happened, but I do know that the minister received good advice from the National Dairy Council, and I regret very much that he found it necessary in return to cut off their grant. But we will not open up that somewhat controversial question.

The minister was given certain recommendations last year by the dairy council, and I hope he will not turn them down even yet. I do not think he did turn them down; probably he could not convince his colleagues of the advisability of adopting them. The other ministers did not know whether or not it was good advice, and no one man in a cabinet can put over a big enterprise of this nature without the support of his colleagues. That is some job with this government; I have no doubt about that. That is why the hon. gentleman sought support elsewhere, and that is why he is getting it. I think we have reached a time in our history when agriculture is simply staggering to its fall, and we can afford to ease up a little in our extreme political alignments and work on behalf of agriculture even if we have to work through a Tory government, which is the only avenue available at this time. That is pretty straight talk, but that is the way I feel. I am in opposition now; there are not enough of us here to perform the functions of government. The electors, in their wisdom, elected another government and we have a new minister of agriculture. I have not very long to assist agriculture now, perhaps ten or fifteen years more, and I am prepared to work through this government until the electors provide us with a better avenue. Things are so bad in connection with agriculture that I believe I would work through Beelzebub himself if necessary, and therefore much more through the minister. Conditions are so distressing on many farms that we cannot afford to quibble as to where the good things may come from at this time.

I would like the minister to consider the advisability of looking on this proposed marketing board as merely an emergency provision. If this alleyway between us were a stream and I wanted to cross to the other side—I do not want to, of course—I would use any old plank at all so long as it permitted me to reach my objective. The same principle applies now. This is the plank by means of which we can reach something better by using our present commercial live stock pool facilities to place our exportable surplus on the markets of the world. That involves a great many things about which few, I fear, have thought much as yet, and I think it well that we should consider some of the difficulties. For instance, let us suppose we want to place bacon

on the export market through a marketing board, and we adopt the usual practice of making a levy on the farmers for the purpose of creating a fund. Imagine going to a farmer who gets 2½ or 3 cents for his hogs and asking him for say $\frac{1}{16}$ of a cent per pound on the hog he sells. Naturally he will ask what is to be done with the money, and when you tell him it is to go to the packers, because we must work through them if the live stock pool is not available and functioning he will see red at once. Therefore I say it is absolutely necessary to develop the cooperative live stock body that already has a fairly good start, but if it is to be competed with by the beef producers of Calgary—and further friction is developing there—the commercial channel is in danger. So I would invoke my hon. friend to use his good offices to avert this possible danger. I think the minister now has come to the point where he believes it is necessary to try to get these two bodies together at the earliest possible moment, because it depends largely upon them whether we have a marketing board that will function in the way I have mentioned so far as cattle are concerned.

I was going to refer to some of the recommendations of the National Dairy Council. They state that at present large numbers of small, often poorly equipped and unsanitary butter factories cannot help but bring about less effective butter manufacture. Last year I tried to impress that point upon my hon. friend. We have in Canada the most obsolete dairy equipment of any country pretending to be in dairying. Every country with which we compete, Denmark, Ireland, Sweden, the Antipodes and so on, is supplied with manufacturing facilities superior to ours as a whole. They serve sometimes the dual purpose of both butter and cheese, and sometimes practically all the purposes of processing milk into various commercial commodities that may be put on the market. It is over sixty years since the foundation of the cheese industry in Canada was laid.

Progress reported.

The CLERK: I have the honour to inform the house that Mr. Speaker is unavoidably absent.

THE ROYAL ASSENT

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

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

[Mr. Motherwell.]

Accordingly, the house went up to the Senate,

And having returned,

Mr. DEPUTY SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act to amend the Criminal Code (Trustee defined.)

An Act to amend the Act of Incorporation of The Frontier College.

An Act to amend the Excise Act.

An Act respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1932.

An Act respecting the Export of Gold.

An Act respecting the Eastern Bank of Canada.

An Act to authorize the Refund of Moneys received in connection with the administration of the Natural Resources.

An Act to amend the Fish Inspection Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act respecting the Canadian National Railways and to authorize the guarantee by His Majesty of securities to be issued under the Canadian National Railways Financing Act, 1932.

An Act respecting Unfair Competition in Trade and Commerce.

An Act to amend the Companies Act.

An Act respecting the Canadian National Railways and to provide for an extension of the time for the construction or completion of certain lines of railway.

An Act respecting Relief Measures.

An Act respecting a certain Trade Agreement between Canada and New Zealand.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

OTTAWA AND NEW YORK RAILWAY COMPANY—SENATE AMENDMENT

Mr. F. T. SHAVER (Stormont) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 32, respecting the Ottawa and New York Railway Company.

Motion agreed to; amendment read the second time and concurred in.

SUPPLY

DEPARTMENT OF AGRICULTURE

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

Dairying, $231,300.

Mr. MOTHERWELL: Before recess and before the little interlude of going to the Senate, I was at the point of drawing attention to some of the evidences that the Minister of Agriculture was prepared to work with others as well as those on his own side to develop agriculture. As soon as that evidence was forthcoming, a number of us—I am speaking not for anybody but myself—felt impelled to meet his advances. I am now proceeding to show how difficult it is for the minister, without the necessary appropriation to carry out his proposals. Nobody expects him to perform miracles and, indeed, this is not the day of miracles. I was reading from the summarized report of the proceedings of the twelfth annual meeting of the National Dairy Council of Canada, held at the Royal Alexandra Hotel, Winnipeg, some of the counsel that was given to the minister by that body, and also by the committee of experts to whom he had access for a considerable length of time, amongst whom were included Professor Barton, Doctor Archibald and Mr. Robertson, all first class, capable men. The minister is putting himself in touch with good advice, but there is something lacking. Advice is good, but you must have the wherewithal to give visibility to it.

These are some of the policies recommended by the National Dairy Council, and I hope the minister's colleagues will give him the necessary encouragement in the way of money to carry out those policies. I believe he is ready to do so, but he cannot unless the money is forthcoming. The report states:

> At present large numbers of small, often antiquated and unsanitary butter factories cannot but be responsible for less effective and economic butter manufacturing.

I could quote at greater length, but it is not necessary. Much the same condition was reported in regard to cheese. Yet in spite of antiquated facilities the quality of these goods is increasing. How much more would it increase if our dairymen were supplied with as good equipment and facilities as those possessed by their competitors in other countries?

Then, as to production, the report reads:

> It is probable that the average dairy farm in Canada is not operating at more than twenty to fifty per cent optimum capacity.

That is to say, you can increase the volume and by that means decrease the cost of production. As regards pure-bred cattle, the report states:

> We recommend that the plan of the dairy cattle committee in 1927 for the extension of advanced registry be adopted in full force within three years.

That was introduced by the previous government, and the National Dairy Council recommends that this government go forward along the same line in order to have it accomplished within three years. What is the reply? The reply given by the Minister of Finance is that the live stock appropriation is cut down very substantially, $150,000. Go forward on a policy of live stock reform; go backward on a policy of finance. That is what the Hon. Jim Thomas would call "humbug." We want the government to be careful; we do not want them to be talking with two tongues on this question. The Minister of Finance is present, but he was not minister at the time these estimates were prepared, and I do not hold him in any way responsible. The Prime Minister was responsible. At that time he occupied the positions of President of the Council, Prime Minister, Minister of Finance and Chairman of the Treasury Board, and you could not get by with very much without consulting him. That was the situation prior to the time the present Minister of Finance assumed office. Therefore I shall urge the rest of the ministry not to send their Minister of Agriculture forth on a constructive program of marketing and at the same time withhold from him the wherewithal to carry it out. You might as well send a woodsman into a forest with a jack-knife or a bill-hook to fell the forest with. The money must be forthcoming. The Minister of Finance of course will say that he does not have it; that if he has to supply it, he will have to take another shave off the civil service. The money can be secured. They do all sorts of things with the farm relief money; why cannot they do something for the marketing program of the Minister of Agriculture? So much for that.

The next recommendation by the National Dairy Council was this: "Push on the good work in creating tuberculosis free areas rather than herd testing, for this disease is a great scourge," and so forth. What is the answer of the government in cash to that push-on policy of the National Dairy Council?—an organization which the minister has said he would like to work with. The reply of the government in these estimates to this policy of pushing on the good work in creating T.B.

free areas, is to cut the vote for that work down by $896,000. What would Hon. Jim Thomas call that? The quintessence of humbug. I am talking quite candidly, but I hope not offensively. The minister cannot go two ways at once at the same time—progressive in regard to policy and retrogressive in regard to expenditures. The two must go hand in hand or you get nowhere. I would suggest to the Minister of Finance, now that I see him looking pleasant, why can't he do something in the supplementary estimates to restore these votes to their former amounts?

Mr. RHODES: I might suggest to my hon. friend that he wait until he sees the supplementaries.

Mr. MOTHERWELL: It is delightful to know that there is some hope, and now I am encouraged to say a little more.

Mr. RHODES: My hon. friend does not need any encouragement.

Mr. MOTHERWELL: Put the agriculture votes back to where they were last year, because everybody knows that it is through the medium of agriculture that we must come back if we are ever going to get properly on our feet again. So I plead with the government, for pity's sake and for your own sakes, do not put yourselves in that niggardly position towards agriculture; because if you do, I am afraid this armistice that we are voluntarily setting up between the minister and myself will be of short duration. So far as the rest of the ministry is concerned the political armistice does not apply to them at all, but I am prepared to deal generously even with them if they come along with the dough. If they can get it out of the farm relief bill, all right, but do not put out this kind of stuff and pretend you are travelling in the right direction when you do not provide the wherewithal with which to travel. When the ministry went to the Imperial conference in London they did not go empty-pocketed, or they could not have got there or got back, and the same way with the Minister of Agriculture and his proposed marketing board.

I am awfully glad to hear from the Minister of Finance that he is going to come across, to some extent, at all events, in the supplementaries. In order to stimulate him in that direction may I give him a few figures? I asked for a return to be brought down showing the amount of money voted for agriculture by this parliament during the last ten years. Back in 1923 the amount expended on agriculture was $6,000,000 in round figures, and last year it was $11,000,000—$6,000,000 in 1923 and $11,000,000 last year, or the expenditure nearly doubled in that period. Do you think that was got by accident? Do you think I got that without first of all winning the sympathy of my hon. friend from West Edmonton and of my other colleagues, and particularly the sympathy of the then Prime Minister? The present Prime Minister is the man to go after, but what does he do in the agriculture estimates this year He turns the wheels of progress back to 1924 and he is not providing for even as much money as we had in 1924 for agriculture. If my hon. friend the Minister of Finance could see his way to bringing the agriculture estimates up to what they were last year, through his supplementaries, it would look a whole lot better, instead of reversing our progress and going back to 1924, especially in a country that is so preeminently agricultural as Canada and with agriculture staggering almost to its fall. And do not think it is only in the west this condition prevails although it applies peculiarly there; the conditions in this old Ontario in which I was born, and which I shall always love, are such that for the first time in my recollection a gilt-edged farm cannot get a mortgage company to put a loan thereon. It was never dreamt that such a day would come, but that is the condition to-day, and that is one of the reasons why I am ready to cooperate with the Minister of Agriculture in anything that looks even half good in order that we may peradventure improve conditions. The Minister of Finance is preparing for his first supplementary estimates; he can now make a real killing if he wishes. I am sure his immediate predecessor will not object, because he made a lamentable failure of it and he is doubtless only too anxious now to set things right. That is my premonition of the situation.

Two hon. gentlemen over in the far government corner spoke on these agriculture estimates the last time they were up, the hon. member for North Grey and the hon. member for Brome-Missisquoi. One of them talked a lot of nonsense about the inspection of dairy products. I do not think he was intentionally prevaricating. I think it was the hon. member for Brome-Missisquoi, although I am not sure. But he was at the meetings of the agriculture committee last year, and we always have a certain number of the new members raising objection to the farm products grading system. But there were enough of us on the committee, Conservatives as well as Liberals, to remain steady and maintain the grading system in its entirety as it was established by the minister's predecessor. I do not believe there has been a particle of

change in the whole of it. If the hon. member for Brome-Missisquoi really wishes to inform himself on the question, we have the record of the various activities of the department during the last ten years, and we shall be very glad to supply him with an historical record so that he will not be making mistakes of that nature in the future.

The other hon. member—I may have these two gentlemen mixed, but it does not make much difference, because their remarks were along the same lines—took the ground that we the Liberals had not done anything for the live stock industry. Some hon. gentlemen opposite repeat that so often that finally they come to believe it, and after a little while the press begins to believe it, and then the people of this country begin to believe it, and then finally they find that they have been deluded and they turn and tear the author of these yarns to pieces. The hon. member for Willow Bunch cited a case the other night of a writer lauding the Minister of Agriculture up to the skies, and then when he found the minister was not turning out just the way he thought he should he went to the other extreme and poured abuse on him. Well, I want to set these two hon. members right with respect to the record as regards live stock. I recall as well as if it were yesterday that the first time I rose in this house was to speak against the manufacture and importation of oleomargarine. In 1921, when the King government came into power, it was my privilege to take the stand against oleomargarine on behalf of the dairy interests and the children of Canada. We were defeated the first round but we stayed in the fight and kept on bringing the matter up, and finally, largely due to the efforts of the National Dairy Council, we won out. To-day we are the only dairy country in the wide world, so far as I know, that has prohibited the importation and manufacture of oleomargarine in the interests of dairying and the children of Canada. Butter fat is much better than oleomargarine to grow healthy children on, as was amply demonstrated during the war. My hon. friends from North Grey and Brome-Missisquoi have no knowledge of that. They were not here at the time and could not be expected to know it.

The next move which the then Department of Agriculture took in the same year—that is 1923—was to consider the advisability of starting what we call restricted areas to clean up T.B. amongst cattle. The conditions in that respect were very, very bad in some districts, and what with the number of reactors in our packing plants and the amount that went into the tank, it meant a tremendous loss for the farmer and was a danger to the children and indeed the health of the whole family. We found that the people of Manitoba and the Department of Agriculture there, were ready to try the first restricted T.B. free area in the British Commonwealth and the federal Department of Agriculture established it at Carman. That was surely a forward move on behalf of the live stock industry of Canada. This work has grown and developed until every province but one in Canada has taken up the work. We have something like 1,500,000 cattle under free areas. Right adjacent to this city of Ottawa is an area bounded by the St. Lawrence river, the Ottawa river and the Rideau canal, almost T.B. free. All but about fifty or sixty herds, with which we will deal later on another vote, are in that desirable condition. The establishment of these areas shows that we have a desire not only to make Ottawa more beautiful but to make it a healthy city in which we visitors and our families may live when the house is in session or at any other time. Surely that is something worth while.

When the former government came to Ottawa there was no system of grading for any farm products except cereals, and there was only a voluntary system in connection with wool. These facts may be a joke to my ponderous looking friend, the Minister of Immigration, but I am citing some facts about which he knows very little, and for that reason he thinks they are funny. After considerable difficulty the grading of farm products system was introduced, a system with which all western men are familiar. All our grain is graded; we never think of anything else. I took the position that the grading system should be applied to as many products as possible. Some of the first to come under the system were cheese and butter; eggs came later, hogs still later and beef still later, until at the present time practically every exportable surplus product can be sold under a grade name. To-day cheese can be sold by certificate on any market in Great Britain. You may receive a certificate for a carload of No. 1 wheat. The purchasers do not want to see the wheat, because they know the certificate guarantees what will be in the cargo. Consignments of Canadian cheese may be sold, but the purchaser does not insist upon seeing the cheese; he does not need to even smell it or to open the box, because he has the certificate. That is the end towards which we have worked, and the policy we introduced by the Liberal government. There were thus three great reforms in one year. I can think of no hon. member who lodges more adverse criticism against the grading system than the hon. member for Marquette, my neighbouring

constituency in Manitoba; I do not think however that he knows any better: He does not know, and he does not know that he does not know. I do not accuse any hon. members opposite of falsifying; they simply get into the habit of repeating silly nonsense until they begin to believe it themselves. Then the less offensive hon. members opposite take up the cry, and go on repeating it. God only knows what they say when they are on the hustings.

If we are to work with the Minister of Agriculture in an effort to get out of the hole, I ask him and his supporters —and I shall adopt the most pleasant manner possible—to try to be reasonable towards us. If they do not know the facts I have a number of copies, signed by myself, compiled by my former staff from year to year and available on application. I have a full record of the Department of Agriculture during the term of office of the Mackenzie King government, and I think if hon. members opposite would read the information I have before me they would not be guilty of making the extraordinary statements of which they are guilty.

I think I have almost completed my remarks—I have no desire to take advantage of the tranquillity which usually prevails in the house on Friday evenings. Before taking my seat, however, I should like to point out that there are two or three key positions with regard to this export marketing board proposal. To attain the greatest measure of success the house should be fairly well behind the government and the minister. Anybody can get up and harpoon anything new. Many a time I have sat on the government benches and sweated, sometimes four hours at a time; sometimes we have sat into the morning while hon. members opposite were throwing every kind of missile at me. Well, as you see, Mr. Chairman, I survived it. To-day, however, conditions are different, and we cannot afford to take that attitude. Speaking agriculturally, many are on the point of bankruptcy, and as agriculture is our paramount industry, no matter where the good comes from, for the next few months or years we must give it a show. Please, Mr. Chairman, do not look at me as though you thought I was going to become a Tory, because I have not the least idea of doing so. A year ago when the Australian treaty came down, for decency's sake and to set a good example to hon. members opposite as to how a treaty should be received, I took the ground that we should give it a chance to live, and said that for a year I would say nothing against it. We took the same stand in regard to the New Zealand treaty. At this time I receive the Minister of Agriculture's proposal in the same way. Undoubtedly this marketing board proposal is a controversial question, but after giving it considerable thought I have come to the conclusion that there is an element, an embryo, a nucleus of good in it, and we cannot afford to pass it by. Surely the Finance Minister will now come across with some money, when I have gone that far, in the direction of our working together.

I would invoke the minister not to be too much moved by the appeals from the hon. member for North Huron. He is very impressive and ponderous and there is always a possibility that he may convince one against his will. When you have a large proportioned man like the hon. member for North Huron with a free vocabulary and a punch behind it, there is a possibility of making black look white. I say to the minister that he should not be in too big a hurry. Know your ground; start right; stay right. If that is followed I think the minister's marketing proposition before very long will bear fruit, provided sound business methods prevail throughout.

Mr. WEIR (Macdonald): Mr. Chairman, I desire to say a few words of a more or less general character concerning the estimates of the Department of Agriculture. I do not in any sense wish to be considered critical of that department or the minister in charge, but wish merely to point out what seem to me to be discrepancies between the estimates of the other departments and those of the Department of Agriculture.

Reviewing the general estimates brought down for the various governmental departments, it might be of interest to hon. members to know that this year the interest on the public debt of Canada, including sinking fund, is increased by ten per cent. The estimates for the Department of Agriculture are decreased by thirty-three per cent; for the Department of National Defence by only 19.2 per cent; for the Department of Fisheries by thirteen per cent; for the Department of Mines and Geological Survey by twenty-seven per cent; for the Department of Public Printing and Stationery by twenty per cent. The estimates for the Royal Canadian Mounted Police are increased by over twelve per cent; the estimates for the Dominion Lands and Parks branch are decreased by twenty-three per cent, and miscellaneous items are decreased by twelve per cent. The combined estimates show a decrease of twelve per cent. In other words the combined estimates for all governmental activities as shown by the statement I have before me

show a decrease of ten per cent, yet we find agriculture obliged to accept a reduction of thirty-three per cent. On the surface that looks like too great a discrepancy. I think all hon. members appreciate the efforts made by the minister to effect economies provided he does not sacrifice efficiency. It seems to me that the other ministers have taken advantage of the Department of Agriculture, when it appears that that department has had to take the reduction I have mentioned. If the Minister of Agriculture is able to effect a reduction of thirty-three per cent in his estimates I think he should use his influence in the most effective manner possible to see that the other departments accept a similar reduction. I am afraid that under the circumstances it will be pretty hard for the government and its supporters to justify the statement made by the Prime Minister during the election campaign, when he said that the collective weight and power of the Dominion of Canada would be used in the interests of agriculture. A review of the estimates of the Department of Agriculture certainly does not indicate that that promise has been carried out.

There are two or three items in these estimates I should like to review in the light of present circumstances. I refer particularly to the estimate for the entomological branch, which shows a reduction of twenty-eight per cent, to the amount devoted to the Destructive Insect and Pest Act, which shows a reduction of fifty-three per cent, and the estimate for agricultural fairs, where there is a reduction of forty-six per cent. In connection with the agricultural fairs I notice that a very substantial reduction has been made. I do not know what the minister has in mind with regard to these fairs, but I hope if the grants are to be reduced that the fairs were notified well in advance, so that they would make provision accordingly. The other item in which I am particularly interested is the farm economics and cooperative marketing branch, which shows a reduction of twenty-eight per cent.

I should like to pause for a moment to deal with the entomological branch and the Destructive Insect and Pest Act. I hold in my hand a statement prepared by one of the officers of the department in regard to a very serious condition in the province of Manitoba, namely the possibility during the coming year of heavy damage by grasshoppers. I have in my hand a map of Manitoba, on which is indicated an area starting at the United States boundary line east of Emerson, running up the east side of the Red river to the west side of lake Winnipeg, across west from there almost over to Neepawa, then back down south through Austin and passing through Somerset to the American boundary again. There is another area at Dauphin, another at McCreary, another at Souris and another at Clearwater, where there are indications that heavy damage will be caused by grasshoppers this year. I should like to read part of the statement prepared by this officer:

> An idea of the probable severity may be realized when it is known that in one instance a square foot of sod contained more than 15,000 eggs.
>
> It is intended, as soon as the roads are passable, to make collections of eggs from the infested areas and to test these in the laboratory for fertility. In this way the condition of the eggs will be known in advance of the time when they are expected to hatch in the field, and those in charge of control campaigns will then be in a position to advise as to what to expect in various localities and how to combat the threatened menace. In the meantime the situation is exceedingly threatening, and there seems little doubt that the whole-hearted cooperation of the community may be necessary in order to successfully cope with the impending grasshopper situation.

It will be readily realized that the grasshopper menace in Manitoba may be almost a calamity in the areas I have mentioned. With all due respect to the minister and the efforts he may be making to economize I fail to comprehend what reasoning can be advanced for the reduction in this estimate. If ever there was a time when the entomological branch and the Destructive Insect and Pest Act should be maintained at full strength, it is this year. This situation presents an opportunity for observation and study, and in addition efforts will have to be made with respect to control. Last fall, in the area where I happen to be located, along with other people I seeded fall rye, but we hardly saw a single spear of it come up; the grasshoppers kept it cut down to the ground, and the whole crop was ruined. Many people, as is customary in the spring, have been bringing in soil from the fields in which to plant garden seeds. After that soil has been in the window for a day or so these people have invariably found their windows practically covered with young grasshoppers.

As I have said, I do not want to be looked upon as being critical of the minister in regard to the estimates of his department, but here is a situation which must be faced, and every possible assistance should be given to control this menace. To-night I merely bring these matters to the attention of the minister in the hope that his mind will not be closed to this situation when his supplementary estimates are introduced. I was very glad to hear the Minister of Finance say he was willing to do something for the Department of Agriculture when the supplementary estimates are brought down, and I certainly

hope the Minister of Agriculture will not be left in the position he is in to-day as compared with the estimates of the other departments.

I have listened on various occasions to hon. members, speaking of agriculture particularly in western Canada, take the position that the farmers of the west should turn more to mixed farming as a cure-all. I think those who speak in that way hardly realize how badly mixed we are in our farming in western Canada. I have taken the trouble to look up a few facts in connection with our so-called mixed farming, and I should like to deal with them for a moment. I find that the first creamery was established in Manitoba in 1886, and in 1887 the province exhibited butter at the Toronto and Ottawa fairs, winning first and second prizes. In 1910 western Canada produced about 5,750,000 pounds of creamery butter; by 1915 the production had increased to 17,000,000 pounds; by 1920 it was 26,000,000 pounds; in 1925 it was nearly 50,000,000 pounds; in 1926 it was 52,000,000 pounds, and in 1931 it was 62,000,000 pounds or 28 per cent of the total production of creamery butter in Canada. Farm butter is estimated at about 50 per cent of the creamery butter production, so in western Canada in 1931 we produced practically 100,000,000 pounds of butter.

It may be of interest to analyse what has become of that butter. This should be of particular interest to the farmers of eastern Canada, because it may explain, to some extent, why they find it difficult to secure reasonable prices for their farm products. In 1931, Manitoba produced 21,000,000 pounds of creamery butter, consumed 12,000,000 pounds and shipped out of the province 9,000,000 pounds. Saskatchewan produced 19,000,000 pounds, consumed 6,000,000 pounds and shipped out 13,000,000 pounds, while Alberta produced 22,500,000 pounds, consumed 11,000,000 pounds and shipped out 11,500,000 pounds. Thus, after providing for their own requirements, the three western provinces had for shipment outside their own boundaries 33,500,000 pounds of creamery butter. It is recognized, I believe, by most people who pay attention to the matter at all that the quality of butter in western Canada is of a very high standard. I might pause to state that within the last eight years at eleven of the leading exhibitions throughout Canada the three western provinces have won 84·3 per cent of all the prizes for creamery butter and 79 per cent of all first prizes; and in 1931 they won 86·9 per cent of all prizes and 81·6 per cent of all first prizes. This is an achievement on which we can congratulate ourselves, and one of far-reaching effects. It means dependable carlot shipments of a high standard of quality, which is essential if we are to establish any permanency in trade. I often wonder, when listening to the hon. member for Marquette, what his attitude is towards the success of our cream grading system. Does he think it would have been possible for us to establish the reputation which we have for our dairy produce if we had not had a system of cream grading?

[Mr. W. G. Weir.]

With reference to the production and movement of cattle in the three prairie provinces in 1931 I find that we handled, through the stock yards, in western Canada and British Columbia, 233,000 head of cattle and 98,000 calves. Sixty-three thousand head of cattle were shipped back to the farms which would return again to market. We shipped 113,600 head of cattle and 5,305 calves from western to eastern Canada, and 25,000 head of cattle and 900 calves to British Columbia, making in all a total shipment out of the three prairie provinces of 139,000 head of cattle and 6,197 calves, in the year 1931.

With respect to the hog industry, I think it is pretty generally known what the possibilities of hog production are in the west. The figures in connection with inspected slaughterings in the three western provinces totalled, in 1931, 983,857 hogs. Live hogs shipped to eastern Canada numbered 319,839 and live hogs shipped to British Columbia 118,016, making a total of 438,000. Perhaps a more complete picture can be put in this way. Looking over the gradings of hogs in all of Canada, I find that there were graded in 1931, 2,655,135 hogs. Of these, 1,324,655 or about one-half were graded in Manitoba, Saskatchewan and Alberta yards or plants. Here we have one-half of the hogs of Canada born and raised in three western provinces. After supplying the needs of one-fourth of the population of Canada, and after shipping large numbers to British Columbia, the three western provinces also shipped one-third of a million hogs to eastern Canada.

With respect to pork products, the figures for 1929 are the last obtainable, and they show that over 16,000,000 pounds was shipped out of the western provinces.

With the introduction of central hatcheries, the poultry industry has made progress by leaps and bounds. After taking care of the requirements of 2,350,000 people, the three western provinces had one million dozen eggs for outside shipment. In 1931 Manitoba shipped outside the province 200 carloads;

Saskatchewan shipped 400 carloads, and Alberta 180 carloads, making a total of 780 carloads of eggs shipped out of those three western provinces. Add to that the shipments of dressed poultry and you have over 1,000 carloads of poultry products for outside shipment.

The sheep population in the three western provinces has increased from 779,388 head to 1,282,310, or an increase of 502,927 head, or 65 per cent, in the last five years. In 1931 slaughterings in the three western provinces and British Columbia totalled 300,000, an increase of 55,800 over the previous year. There were shipped to British Columbia 43,000 head, and to eastern Canada 36,000; and, in addition, 1,559,956 pounds of mutton and lamb entered into interprovincial shipments, the bulk of it going to eastern Canada.

Honey production is another important feature of western agriculture. In 1931 Manitoba produced 7,367,375 pounds, valued at $516,000; Saskatchewan, 609,480 pounds, valued at $73,000, and Alberta, 915,000 pounds, valued at $92,000, a total of 8,891,855 pounds valued at $681,000.

As regards fur, Manitoba produced $200,000 worth; Saskatchewan, $125,000, and Alberta, $275,000 in 1931.

Alberta's beet sugar production in 1930 is estimated at 32,000,000 pounds. The figures are not available for 1931.

Thus, after supplying the requirements of one-quarter of Canada's population, the three western provinces, in 1931, were able to ship outside of their own boundaries half a million head of live stock; from thirty-five to forty million pounds of beef, mutton and pork; one thousand carloads of poultry products, and fourteen hundred carloads of creamery butter, besides honey and fur. This clearly indicates that we have overtaken our immediate requirements and are generally pretty well mixed in our farming in the west.

This is being done, Mr. Chairman, in spite of the fact that it would take a merchant and his family fifty years to eat the potatoes that would be traded for one washing machine; in spite of the fact that it would take a hen one hundred years to lay enough eggs to pay for a tonsil operation; in spite of the fact that it would take a sheep eighty-four years to produce enough wool to buy herself a suit of clothes; in spite of the fact that if a cow wore shoes she would have to be skinned twenty times to pay for two pairs; in spite of the fact that puffed wheat is worth 67 cents per pound and wheat, not puffed, is worth 68 cents per bushel—a cent for the wheat and sixty-seven cents for the puff; in spite of the fact that if a farmer paid for a railway ticket with live poultry, the railway would have to carry six extra coaches behind to move the poultry; in spite of the fact that a hen would have to lay an egg a day for a month to pay for one breakfast cereal; in spite of the fact that the farmer would have to give fifty eggs for one shampoo, on which the barber would make fifty cents per egg, or $25; in spite of the fact—this is for the special benefit of the hon. member for South Battleford—that a golf player could smash into seventy-five eggs and not be out of pocket as much as if he lost one golf ball.

Farming is characterized as a fundamental industry but some of us are wishing that it were more fun and not so de-mental. It is all very well for people to talk of having the farmers of western Canada go more extensively into mixed farming. People who talk that way do not realize just how far western Canada has gone in that direction. I wonder what would happen to farmers of eastern Canada if mixed farming operations were further increased in the west. I hesitate to suggest just what I think of the mental attitude of people who are so enthusiastic about western agriculture turning over completely to a mixed farming program.

Now, continuing from a different point of view, I think we have made certain mistakes in the past in agriculture. Some of our actions have been ill-considered and some of our productive schemes not properly regulated. I do not blame it all on departments of agriculture or on governments. At one time we have urged the production of hogs; at another time we have urged the production of sheep or cattle, and so on, without paying adequate attention to the effects of this kind of policy. This is the age of specialization and more attention should be given to the special requirements of agriculture. Certain areas are suited for the production of certain kinds of grain and live stock. I think we should more carefully plan our production campaign. A soil survey of the country should be made in order to determine the lands best suited for raising certain kinds of grain. This has already been done, I believe, in Manitoba, and is something that should be followed up.

In my opinion it is a mistake for farmers to engage in too many side lines; that is to say, a grain grower, I think, should limit his production to only one other branch of agriculture. I do not mean that he should not produce all that he requires for home use, but that he should limit himself to one major side line. This would lead to greater efficiency and a higher standard of quality.

We have heard a good deal regarding marketing. To-day we find ourselves in a very difficult position. Tariffs, exchange rates, and low commodity prices have upset our marketing business to such an extent that we hardly know where we stand. We talk of establishing marketing boards and bonuses, and we are immediately faced with something of our own making. If we develop some form of export bonus, I imagine we shall be immediately confronted with the same thing that importers run up against in this country, namely, some kind of dumping duty placed against our produce by the foreigner. May I, however, urge upon the minister that if he continues to promote the idea of a marketing board, he should give our producer cooperatives an opportunity to play a large part in any scheme that he may develop. If our cooperatives were linked more closely into a scheme of processing it would be much easier to carry out the program which I think the minister has in mind. Without that closer cooperation I think he is going to have a great deal of difficulty in carrying out any marketing board scheme.

There is, however, something which in my judgment the Department of Agriculture can do. Agriculture to-day has not got a continuous service of marketing information such as is supplied by the Department of Trade and Commerce to our manufacturing exporters. I think we should have an army of agricultural experts in foreign countries to develop trade for our agricultural products. This might be brought about by an extension of our present bureau of agricultural economics, and instead of a decrease of twenty-eight per cent there should be an increase. We should endeavour to secure the best men possible to guide the affairs of agriculture, to give advice, and generally to work out an agricultural program best suited to this country as a whole, both marketing and production.

There is only one further observation I wish to make. From what the minister said the other night I inferred that he had in mind suggesting a change from butter production to cheese production. I do not know whether I understood him correctly in that connection or not. I would urge that he go very slowly before recommending a change of that kind. We have, particularly in Manitoba—and I presume throughout western Canada—a large number of small creameries and it would be a hardship for them to be subjected to cheese factory competition.

May I again entreat the minister to use his influence to have his departmental estimates brought up to a fair comparison with those of the other departments in the supplementary estimates. I particularly urge that upon him with respect to the entomological branch, the Dominion rust research laboratory, and the bureau of agricultural economics. There is a very wide discrepancy between the estimates of the Department of Agriculture and those of the other departments. I am making these observations at this time so that the minister will have them in mind before he brings down his supplementaries, and I hope he will do his level best for the particular branches I have mentioned. I repeat that in my judgment it is going to be pretty difficult for the minister and his colleagues to explain a reduction of thirty-three per cent in the agricultural estimates as compared with a general reduction of only ten per cent in the grand total of all the estimates, and with a reduction of only nineteen per cent in the Department of National Defence estimates. If some equality of reduction in these estimates is not made when the supplementaries are brought down, I am afraid the agriculturists of this country will not feel that the right hon. Prime Minister was very sincere when during the election campaign he said, speaking of the Conservative party:

> We shall see to it that the strength and power of the nation stands behind the effort of the people of these plains, and every part of Canada, to market their products to the best possible advantage. That is my duty. That is my business. How otherwise can we succeed?

I hope the minister will remind his leader of those remarks when he comes to consider his supplementary estimates.

Mr. LUCAS: May I be permitted, Mr. Chairman, to congratulate the ex-Minister of Agriculture on his cooperation this evening when dealing with these estimates? I think his support means a great deal at the present time. We all recognize that besides being a practical farmer he has had a great deal of executive experience, and therefore his support of the minister in his efforts to develop a marketing board is of great significance. I think hon. members will agree that if we want to get anything through this house we must have pretty general support from all sides to ensure success. I feel certain that every member to-day recognizes the critical condition of agriculture, and that if we are to get back prosperity we must start with that basic industry. I know the present minister is sympathetic and is doing everything in his power to assist our farmers. But one can do very little without the cooperative assistance of all.

Now, a great deal has already been said with regard to the condition of agriculture, and I do not propose to go into further details. However, I desire to give the committee this quotation from the Economic Annalist. Dealing with the declining prices, this review of agricultural business gives the following paragraph from the January commercial letter published by the Canadian Bank of Commerce:

> We are thus faced with an economic situation in which probably about one-third of our population find that for every dollar of income which they received in 1929 from produce sold they are now getting only 58 cents, and that when they in turn enter the market as purchasers, the goods for which they paid $1 in 1929, far from being offered them at a price commensurate with their 58 per cent ability to pay, are selling at 90 cents. The result is that the farmer purchaser either declines to buy at all or buys less than two-thirds of his requirements. The retarding effect of this lowered purchasing power on general business is already too familiar to require further amplification.

When we realize that our farm population represents practically fifty per cent of our people, and that their purchasing power has been depleted to the extent stated, we can readily account for business being at such a low ebb at the present time. I find another table in the March copy of the same paper, comparing prices of various commodities from 1913 down to the present time, and taking the year 1926 as the index basis of 100. The figures are as follows:

Wholesale Prices

	1913	January 1932
All commodities..	64	69
Farm products..	62·6	52
Field products..	56·4	42
Animal products..	77	68·8
Retail prices..	65·4	85·6

Hon. members will see that while prices of practically all farm commodities are much lower to-day than they were in 1913, the retail prices of the commodities which the farmer has to buy are twenty per cent higher than they were then.

One of the great difficulties we find to-day in this organized world in which we live is the fact that the farmer is unorganized and he finds himself as an individual trying to compete against organized forces. We know how easy it is for big business to organize and the success it has made. We are all aware of the progress from the little shop in the local community to the large factory in the town and then to the big corporation which we have to-day, while the farmer is attempting to carry on practically as he has done from the beginning. It is my belief that the farmer cannot organize in the same way as industry has, and the only answer to big business is through the cooperative organization of the farmer. The very fact that for, I might say, thousands of years, the farmer has lived in an environment as an individualist carrying on his own particular business, separated from his neighbour, makes it very difficult for him to organize. if we are to have prosperity for our industries, it is necessary to bring back prosperity to agriculture; therefore, it is in the interest, not only of the farmer himself but of every business in the country, to assist in trying to reestablish agriculture and put it on a proper basis. This is where the government can help a great deal by encouraging our cooperative organizations and aiding them to get on their feet.

When we look back to the various efforts of our Department of Agriculture, the first was chiefly in regard to production. For a period of years the effort of the department was along the line of showing the farmer how to produce two blades of grass where one formerly grew. Wonderful progress has been made in that direction, and I am not going to suggest that we should put a stop to that effort. But I do not believe it is the main point to which our effort should be directed at this time. Another stage of development was grading, and we know that for a number of years new grading regulations have been introduced until some of the farmers are complaining that we are going too far. But in this highly competitive world in which we are living at the present time, if we are to compete, we must have our produce graded in such a way that it will be able to compete with that of other countries whose production is similar to ours.

Everyone agrees now that we are able to produce, and I am of opinion that if you can show the farmer where he can get a fair price for his output, he will make a determined effort to have the production. Therefore, the effort to-day should be to find a better system of marketing and in that regard, I think the present Minister of Agriculture, since he has taken office has put his finger on the mainspring, as it were. I wish him every success and I consider it very important, now that we realize what effort we should make, that a marketing board of some description be appointed to guide and direct this highly necessary movement.

It is not going to be enough only to appoint a marketing board. We have all across Canada, in every province, the farmers themselves struggling to develop cooperative

marketing agencies. These have been successful to a point, but they have almost reached the stage of discouragement, because, after getting together and meeting with a certain degree of success, when they came to get rid of their commodities, they were faced with difficulty. This is where the marketing board can render wonderful assistance, not by starting to create new organizations, but by encouraging the cooperative ones already established and finding an outlet for the goods which they have to offer.

A few years ago there was established in the Department of Agriculture a new branch known as the bureau of economics, and for the development of cooperative marketing. I believe the appropriation for this branch to be one of the most important in the whole of the agriculture estimates. Just as in the past perhaps, we looked upon production as the most important phase, now I am of opinion that the appropriation for this branch should take a leading place among those estimates, and the amount to be voted should be materially increased. This bureau is very much like a research department for agriculture. As the hon. member for Macdonald pointed out a short time ago in his very interesting remarks in regard to having trade agents, this is the branch which, I think, should properly look after that matter. We have at the head of that department at the present time a very capable and efficient officer, but I know that he and his officials are handicapped by the lack of money at their disposal. Any hon. member who receives this monthly pamphlet, the Economic Annalist, and reads the articles by Doctor Booth, I think will agree that he has a fairly good grasp of the whole situation. He has expressed my views so well that I should like to quote what he says in the bulletin for July, 1931. At page 2 he says:

> The farmer who would succeed under present conditions must adopt businesslike methods, and one of these which promises worthwhile results is the preparation annually of a carefully considered budget of anticipated receipts and expenses.

He goes on:

> A few years ago it was estimated that farmers of the United States received about 35 cents on the average out of the dollar paid by the consumer for farm products. In the case of certain products this ran as low as 15 to 20 per cent; in a few as high as 75 or 80 per cent. If this estimate applies to Canadian conditions, and there is reason to believe it might, the desirability of an examination of the reasons for this spread is at once apparent. Research in the costs of marketing is a comparatively undeveloped field and one which invites increased attention.

[Mr. Lucas.]

I think that everyone will agree that one of the great difficulties the farmer is up against to-day is the tremendous spread between the price he receives for his products and the price the consumer pays, and it is in this department, as Doctor Booth points out, that there is a tremendous field for research. Further on he says:

> A program of research in marketing should also include the study of cooperation. We have in this country more than 1,000 farmer-owned and controlled organizations conducting a business running into several hundred million dollars in normal years. For more than half of our farmers these associations play the role of marketing or purchasing agents. Producers have been encouraged to form such associations but relatively little has been done to study the real possibilities and limitations of the movement. We have had plenty of propaganda but little research which would give to producers the answer to such questions as—what volume of business is necessary to success under given conditions? What amount of capital is required to successfully operate a cooperative association? What form of capitalization and structure of organization is best suited to local conditions? What are the advantages and disadvantages of contracts? What does it cost per unit to handle a business of the type contemplated? What membership problems will be met? What legal questions? What management problems, and so forth?

All these are questions which the farmer has neither the time nor the money to answer for himself. But here is a branch of the department set up in which research work along this line could be done that would be of great benefit to the farmer. Further on Doctor Booth says:

> It is in the field of research and education that governmental departments, educational institutions and research agencies can be of most service to farmers and the cooperative movement generally.
>
> The cooperative movement in this country is already one of immense proportions and of immense possibilities, but like other democratic institutions its progress is dependent upon an informed membership and upon leadership equipped with the necessary information to reach intelligent conclusions. There is much for economists and sociologists to do in this connection but our own lack of information on many of the problems involved suggests the need of practical research.

There is another question, that of credit. On that Doctor Booth says:

> Farmers as a class are debtors, and this is particularly true in all newly settled areas. If the development of agriculture had had to wait upon the net receipts from farms the progress we have made would have been much slower. Whether this would have been more desirable is not open to discussion now. Our farmers operate on credit—we are heirs to both the policy and the practice and it is our task to make the load as light as possible. Can we assist? Certainly there are opportunities for

while we have a national and certain provincial farm loan policies we still have credit problems. What, for example, are farmers paying for credit because of the generally adopted practice of making credit institutions out of retail merchants, implement dealers and others. We need first a series of detailed studies followed by constructive suggestions and much education. Perhaps it may be found that in the interest of both farmers and credit institutions that some supplementary form of credit is needed. The possibilities for research and education in this field are abundant in spite of the very splendid work that has already been done.

I think hon. members who understand the farmers' problems in western Canada know that credit and interest rates are one of the biggest loads which the farmer has to carry, and here is where this department might lend very valuable assistance. Finally Doctor Booth says:

In conclusion it is respectfully suggested that the economic problems of agriculture which are of direct interest to about forty-five per cent of our people and indirectly of interest to all of us should receive much greater consideration from universities, colleges, governmental departments and private institutions engaged in research and education.

I would commend that to the minister and ask him to see if it is not possible to find some way of increasing this vote so as to make this branch of much greater service to the department, and through the department to the farmer.

There is another question that I wish to bring to the attention of the minister and of the house. I am not going to say that I am advocating this plan myself because I have not given sufficient study to the question. Out in my constituency, in the town of Viking, there are a couple of gentlemen of high standing in the community who have been there since 1915, and who have spent a great deal of their own money in trying to develop that district. At the present time they are very much interested in trying to promote what they call something along the line of collectivized farming. I want to lay the scheme before the minister, and what I am going to ask him is this: These gentlemen have asked me if they could get a little assistance from the Department of Agriculture by having the agronomical engineers not take responsibility, but assist them in an advisory capacity. I am bound to say, Mr. Chairman, that in view of the developments that are taking place throughout the world to-day no one at the present time can say whether or not this scheme may not have a germ that may develop in the future. We all know that a few years ago it was the generally conceded opinion that we would never see dollar wheat again; in fact, we were of the opinion that we could not produce wheat at a profit except at a price of around one dollar. We have all been disillusioned during the last year or two so far as dollar wheat is concerned and in view of the changes that are taking place throughout the world we may find ourselves confronted with a new situation that may necessitate changing many of our preconceived ideas and facing the future accordingly. This gentleman has written in detail, and I am going to quote part of his own description, because he has given the matter a great deal of thought and study, and his own words describe it much better than I could. He says:

Of all the farmers in the three prairie provinces who are actually living on and working farms a large majority of them have very little equity left in their farms. Since the war the ownership of the land has been gradually passing from the farmers to absentee owners, in many cases back to the Canadian Pacific Railway or Hudson's Bay Company or over to banks or mortgage companies. The drop in wheat prices last year accelerated this passing of ownership and it will surely continue under our present system of small farms until very little of the land is owned by dirt farmers.

I speak from first hand knowledge and experience. My brother and I came to the Viking district in 1915 from Ontario. We owned some 6,000 acres of raw land here and we brought considerable cash capital with us to develop it. From 1915 to 1923 we developed many semi-ready farms which we sold to farmers who we secured by advertising as the enclosed booklet and map show. We brought many farmers from the northern states, from the old country and from the dry belt of southern Alberta to this district. We sold our own farms and others for which we acted as agents mostly on half-crop terms.

At one time we had fifteen farmers on our own farms each with an agreement to purchase. They were all good farmers with a full line of equipment each and most of them had families. Not one of the fifteen has been able to pay for his farm. I shall cite a typical case. In 1920, we sold Mr. X the south half of sec.— at $18 per acre on half-crop terms, 7 per cent interest. We had this farm fenced and forty acres broken on it when he purchased it. He has since then brushed and broken 200 acres more, put up good buildings and made many other improvements until he has now what is considered a splendid half-section farm. This man is considered by all his neighbours as a good farmer and a hard worker. Yet he owes us some $6,000 on his farm which is a little more than the original purchase price. He has told us that he has given up all hopes of paying for the farm, but will remain on and work it as long as we let him and we are only too glad to have him do so.

I can cite many similar cases; farmers who purchased land ten to twenty years ago from the Canadian Pacific Railway or the Hudson's Bay Company or from other owners on terms and each has spent years of labour and thousands of dollars in improvements yet has very little equity now in his farm.

After investigating the financial condition of many farmers of this district I am fully convinced that taking all who reside on and are working farms within the sixteen townships surrounding Viking together they have not remaining a fifteen per cent equity in the lands therein. And the Viking district is one of the best in Alberta both as to the quality of the land and the class of farmers in it. To continue our present system of individual ownership of small farms is economic suicide both for the farmers and for the country.

Permit me to outline this plan or scheme. The first step would be to have plans and specifications drawn up by the best agronomical engineers of the Agriculture department in cooperation with a local committee of this district for the formation of a joint stock company under the federal companies Act with a broad charter giving us all the privileges of a producing, manufacturing and transportation company; the plans to cover how the company is to be organized, administered, managed and operated. Besides the usual by-laws of a company I would suggest special by-laws providing that a majority of the board of directors should be persons living within the district and employed by the company in some branch of its operation.

It must be understood from the start that the government agronomical engineers are acting only as experts and in an advisory capacity and that the board of directors must assume all responsibilities for acts of the company.

The object of the company would be to own and operate unit farms each from 5,000 to 8,000 acres lying within these sixteen townships. The plans would cover the organization of the unit farms on a uniform basis as to administration and management but would allow for differences in operation as that would depend on the nature of the land in each farm. Some parts of the district are naturally good wheat lands while other parts are more suitable for grazing. Some of the unit farms would be used mostly for growing cereals while other farms would specialize in stock raising. Each farm, however, would have its dairy herd of pure-bred cattle.

Let us say that the company has been formed and is called Viking Farmers Limited and has a board of directors of twelve capable men-farmers, business men and financiers—the same class of men as is found guiding our large industrial establishments. It has started its first unit farm of about 6,000 acres. The land in this unit farm has been carefully surveyed and the quality and adaptability of each piece determined. Detail plans are prepared for the location of buildings and for the necessary equipment. The required farmers to operate it are assigned to it and a foreman put in charge and given definite instructions what he is to do and accomplish and how he is to do it. In buying a farm or piece of land the company would pay for it either in cash or stock of the company. The registered owner, the mortgagee and the lien-holders would receive their respective equities. There would be no mortgages left on any lands owned by the company.

At this stage may I state a point which is worthy of consideration. I am of opinion that debts against many farms have become so great that to-day we are not only faced with the matter of wiping out war reparations and war debts, but the time is not far distant when there may have to be some adjustment in regard to our private debts, and especially those against our farmers. This might provide a means of making some adjustment along that line. The letter continues:

[Mr. Lucas.]

Viking Farmers Limited would encourage every farmer to own his own home although he may be working with the company. Where a farmer sells his land to the company let him keep his home and a few acres surrounding it for a garden. This puts a farmer in the same position with the company as the city dweller with the industry with which he works.

The capital of Viking Farmers Limited would be secured by the sale of its capital stock. With a strong board of directors and with a prospectus fully telling what the company plans to do in the way of owning and operating large unit farms and how this latter is to be done under expert agronomical advice and in co-operation with the government research laboratories and experimental work and estimating the profits that may be reasonably expected there is no doubt but the company can secure the necessary capital to carry through the enterprise. Now is the time to do it when land is cheap.

I firmly believe and wish to emphasize that the above is the only way we can secure sufficient capital to prevent complete bankruptcy of most of the farmers of this district within the next three years and to place farming on a sound business basis. The banks will not loan money to the farmers and neither will the mortgage companies. Beatty's five million dollars revolving fund is but a flea-bite to the needs of the west and will not do any one district any appreciable benefit. Members of credit societies are heavily in debt for loans of the past so they can expect no help from that source.

Where, therefore, can the six hundred or more farmers of this district get capital to go into mixed farming each by himself? Where can even five per cent of them do so? What they cannot do individually they can do by cooperation as a company.

Let us consider the direct advantages to this district by most of the farmers in it cooperating, pooling their farmlands, as it were, and working together as Viking Farmers Limited. Take one unit farm of around 6,400 acres, or ten full sections. At present there are about twelve farmers to ten sections of land, each with separate buildings, implements and equipment. About four of them have tractors and two have threshing outfits. They have on an average five grade cows and a few other animals and poultry. They have an average of $5,000 invested in buildings, implements and live stock or a total of about $60,000 for the twelve.

Let these twelve put their lands in Viking Farmers Limited and work with the company under expert advice and direction:

1. They would have but one set of good buildings on their unit farm thoroughly equipped for dairying.

2. They would have a herd of forty to fifty pure-bred dairy cows.

3. They would have several times the number of other animals and poultry and but one-half the implements that they now have.

4. The company would use only the best of seed thoroughly cleaned.

5. Crops would be rotated according to the needs of the land.

6. The land would be kept free from weeds and prepared well in advance for the crop that would follow.

7. The company's buildings, pure-bred herd and farm implements would cost much less than the $60,000 that the twelve farmers have now invested.

8. The company would have a plan or policy of production extending over years so as to get the average prices for all products and not rush into one line at the same time that farmers all over the country are doing the same thing.

9. The company would take into account the average risks of drought, frost and hail and be prepared to cope with such conditions.

10. The company would keep in close touch with the best practices and methods developed by experimental farms and laboratories.

11. It would have a head office at Viking from where all activities would be directed and where all records would be kept.

12. The company would finish its products to the highest state possible so as to make the greatest profits.

13. The company would have its own seed cleaning plant, poultry dressing station, abattoir and creamery, all profitable enterprises closely connected with farming.

14. It would be able to ship some of the animal products in car lots when prices would warrant.

15. Each branch of farming would be in charge of a farmer who would make that branch his specialty.

As the dairy herd is the centre of mixed farming I would like to point especially to the advantages of a company over the single farmer building up and maintaining a pure-bred dairy herd. The great majority of farmers do not care enough for live stock to build up a good dairy herd. It takes years for a good farmer who loves cattle to do so. He must like to be with them and care for them. If he has not special education and training to start with before he can build up a good herd he is old. At his death the herd is dispersed. That is the history of many a herd in Ontario.

With a company it is different. The best man available with special education and training is selected to look after the herd, to see that every animal is properly cared for, kept in good health and doing its share of production. By careful breeding, feeding and culling he can in a few years build up a herd that will be a source of great pride to himself and a big dividend payer to the company. If anything happens to him another good man is put in his place and the same careful work goes on.

The production of sheep, hogs, beef cattle and poultry and their products would be as systematically organized as the dairy herd. Each unit farm would become a manufacturing plant and with thirty-two of them in this district under one company farming would be industrialized.

Is there any question that such a company would be of great benefit to this district and to the country? Would it not be immensely easier and cheaper to put our policy across to one such company in this district than to six hundred individual farmers?

If this scheme can be worked out in detail and successfully applied to the Viking district, what is to prevent its being applied to five hundred similar districts throughout the western provinces?

That is the scheme, in brief, that these men have in view, and all they are asking from the government is advice. They are not asking the department to put up any money; they have spent a great deal of time and effort in working out this plan, and they are of the opinion that they can make a success of it. The minister need not assume any responsibility for the success of this undertaking, but I would ask that he place the economics branch at the disposal of these men to see if they cannot be given some encouragement in carrying out this proposal.

Mr. PERLEY (Qu'Appelle): Representing a portion of the province of Saskatchewan that is particularly adapted to agriculture, I think it well that I should make a few observations in a general way. In looking over the estimates of the Department of Agriculture I notice that material reductions are made in connection with almost every item, but I hope that the items which assist in the marketing of agricultural products will not suffer to the same extent. Already there has been a good deal of discussion with regard to these estimates, and I think it quite plain from what has been said by hon. gentlemen opposite that the late government had no constructive agricultural policy. Now hon. gentlemen opposite expect the present ministry in one year to do more to put agriculture on a firm basis than they did during the nine years they were in power. In my opinion the experiences through which the farmers have passed during the last three years will be the means of encouraging them to go into diversified farming. For a number of years we have been endeavouring to encourage them to do so, and if they do go in for mixed farming I believe that as far as quantity and quality go there are unlimited possibilities.

This evening the hon. member for Macdonald made a very interesting statement with regard to the quality and quantity of the products of western farmers. I had intended to give some figures, but I think the figures given by the hon. member will serve the purpose. If the farmers of the southern half of Saskatchewan—and I speak particularly with respect to that province—would go into mixed farming there is practically no limit to the quantity they could produce. With regard to quality, I think we have

sufficient evidence to prove that when the farmers of western Canada pay particular attention to any product, certainly they can produce a good quality. I need only refer to the fact that when those who have stock farms in western Canada exhibit their products at the royal winter fair in Toronto, they generally take a number of prizes.

The hon. member for Bow River gave a number of figures showing a comparison of the prices and values of farm products. He put on record the receipts from field crops in Canada during the years 1928 to 1931. To compare the amount received for the crop of 1928, when we had the largest cereal crop we have ever had in Canada, and when the average price for the whole year was almost the highest we have known, with the amount received for the crop of 1930, when there was a crop failure in a large part of the western provinces and the price was considerably reduced, does not assist in arriving at any real conclusion. The hon. member also spoke of the cost of production. Without going into details I only wish to say that from practical experience I know the cost of production will be a great deal less this year. If we have a fair crop in western Canada, with the present cost of labour and of many articles which the farmer has to buy, I believe the farmer will make more with wheat at 70 cents a bushel than he made in 1929, when the cost of labour and of everything else was considerably higher.

There has been a good deal of discussion with regard to the proposed marketing board. This afternoon I was delighted to hear the ex-Minister of Agriculture commend the creation of this board, and I think the hon. gentleman paid a very great compliment to the present Minister of Agriculture. The hon. member for Melville seems to have changed in the last few days. When a member of parliament comes to a mature age I have noticed that he either becomes a very ardent partisan or takes the broader view and listens more readily to the opinions of others, and I was very pleased to note that the ex-Minister of Agriculture is following the latter course. I think a marketing board should be formed. We need it at the present time. There is no use going into details, quoting figures to show the position of agriculture today, I think it is recognized by everyone that something must be done and done in the near future. We are faced with a grave crisis, with realities that must be met at once. A marketing board could do very much by way of making investigation and making a real survey, studying the whole question of marketing agricultural products. I do not think it would be wise to form a board unless we gave them teeth, so to speak, to some extent; that is to say, after they have made a certain investigation and think that they could facilitate the marketing of our products and assist in bringing about an increase in the prices of those products, they might be able to act in some way or other. How they could obtain funds is another question. It might be through a levy or a bonus, although I think the farmers throughout Canada realize that the bonusing of products is not the real solution of our problem in agriculture. I believe, however, that this board, after careful investigation, should report back to the department and that action should then be taken.

I am sure that the present minister is quite anxious that something should be done. We in Saskatchewan are extremely proud of the Hon. Mr. Weir; we feel that Saskatchewan is well represented by him in the government. He is a man of energy and ability and a man of great capacity for study, and I believe he has realized since he has held this office for nearly two years that there is a real problem facing him. I know he intends to do the right thing. I can assure hon. members that my association with him has proven that he is absolutely anxious to carry on in a non-partisan spirit. So far as Saskatchewan is concerned, I know for a fact many of the appointments he has made have been without any regard whatever to partisanship; he has endeavoured to get the right man for the job. I am sure, therefore, that when he comes, if he does in the near future, to establish an export board, he will get the proper men, irrespective of their political leanings.

I do not think it is necessary to prolong the discussion just now. We are going to take the estimates up item by item, and it does not serve any real purpose putting a lot of useless figures on record. Certain comparisons have been made which in my opinion are ridiculous; they serve no purpose. The hon. member for Macdonald to-night compared the price of a pound of puffed wheat to the price of a bushel of wheat. Well, that serves no useful purpose, and it would have been equally ridiculous had he made the comparison with wheat at any price from $2 up to $4 a bushel with puffed wheat at 67 cents a pound. Such comparisons, I repeat, are useless. We have had a good deal of discussion in general and I would advise that we get down to detail and pass the estimates.

Mr. GERSHAW: The minister is aware of the condition of the ranchers in the district I represent; he knows the difficulties with which the sheep and cattle men have been faced in recent years. First, we had an embargo and then a duty which prevented their getting their products into the United States, and when the British market became available the departure of Great Britain from the gold standard seemed to bring fresh difficulties. Farm products are all being sold at prices much less than cost of production and never has the farming industry been at such a low ebb. I know that the minister will meet with many difficulties, but still I cannot help thinking he has a great opportunity, in view of these very difficulties, of working out a policy which would do something to bring happiness and contentment to the homes on the farms throughout this country. He knows that some of these large ranchers had cattle on the ocean when the British people went off the gold standard, and he knows that they received a price of something like $26 per head for their steers when they could have obtained as much as $54 in Canada. It seems unfortunate that we cannot take Professor Sandwell's advice to join the sterling group of nations, because it would bring the price for Canadians up to the price their competitors receive.

Someone spoke recently of putting a girdle round the whole British Empire. If they do, let us hope that this wall will not be too high, because we must realize that only thirty-eight per cent of our exports are taken by British countries, so that we must extend our markets beyond British countries to the markets of the world if we are to meet with success.

It seems to me that this is no ordinary depression; rather a multitude of adversities has struck us at once and we find that there is a crisis in almost every system of our modern civilization. In the political system we have fears of war and revolution. The agriculturist has met with a great crisis which perhaps was coming anyway owing to the fact that so much new ground has been brought under cultivation while less agricultural products are being used. In addition to that, we have high tariffs against us, shutting out our products from their natural markets and particularly from the European markets. In the financial and economic realm we find that the delicate mechanism which has worked so well has ceased to function smoothly. We find that the automatic regulation of this system has broken down, and we hope that there will be some deliberate management which in the future will help to maintain a more equal price level so that people may count at least on getting their costs of production. We find that this system which allowed a free flow of trade from country to country has been seriously interfered with by some long term agreements and cartels, and particularly by high tariffs the world over, and as a result we find gold hoarded in the vaults of the United States and France and great quantities of sugar and rubber and coffee and wheat are in storage containers. It would seem that the different systems of the world have been carried on by men of keen but limited vision, each working in his own particular sphere, no Olympians, as it were, in the mountains keeping general control over the whole system. I believe that something along the lines of general control must be worked out, because if we correctly size up the cause of the situation, some such control must inevitably be brought into operation in order to solve the problem. We know that the prosperity of Canada depends on the prosperity of agriculture. We know that at the approaching Imperial economic conference an opportunity will be afforded for planning trade within the empire. As trade looks to world markets, may we not hope that in addition to planning inter-imperial trade our statesmen will reach out and do some planning for trade in the larger markets of the world, and thus do something to bring about a better condition of affairs.

Mr. NICHOLSON: Before dealing with the question of a marketing board, Mr. Chairman, I desire to correct some figures given by the hon. member for Macdonald (Mr. Weir), I think unintentionally, but nevertheless of a character to create uneasiness, particularly in farming communities, with regard to the percentage reductions in estimates of the various departments, particularly the Department of Agriculture, in relation to the whole estimates. If I understood my hon. friend aright, he stated that the general average reduction had been about ten per cent, as against thirty-three per cent in the agricultural estimates. May I remind him that in the total estimates there is an amount fixed by statute of two hundred and seventeen million dollars odd, from which the government can make no reduction whatsoever, comprised principally in three items—interest on public debt, pensions, subsidies to the provinces. In addition, this year there is an increase of thirteen million dollars odd in the interest on public debt. So the controllable expenditure is approximately $139,000,000. The reduction made in

that expenditure, instead of being ten per cent is actually 40 per cent, as against a reduction of thirty-three per cent in the estimates of the Department of Agriculture.

With regard to the marketing board, I certainly am convinced that some scheme of organized marketing must be brought into being if we are successfully to compete with the world in exports not only of agricultural commodities—although at the moment I think those are the most important—but of many other commodities. I would commend to the Minister of Agriculture this idea, that without attempting a specific plan at this moment, he bring into being a body that can be used as a marketing board, or developed into an organization that will plan out the methods by which marketing can be controlled, because that is virtually what it means. I may say in passing that I have been working for the past four months with a fairly large committee in connection with the marketing of a product but second in importance to any agricultural product. We have been working in association with the purchaser of that product in England. I have become convinced that notwithstanding the fact that the number of persons engaged in the production of this commodity is very much less than the number engaged in agricultural production, we must find some channel or clearing house through which that commodity can be marketed if it is ever to be put on the British market in a large way. We must be in a position to control the class or grade of the product and the different types of that product for exportation, we must be in a position to say where it can be procured and in what volume, and further, we must be in a position to say that there will be a continuous supply. I think the first thing the British importer will say to you will be this: If we divert our importations of this particular commodity to Canada or some other overseas dominion, can we depend on getting our supplies three, four or five years hence? He will point to many cases in which we have exported goods to Great Britain and then suddenly diverted our business to some other country or closed down altogether. We shall never establish a sound business connection with the United Kingdom or any other part of the British Empire unless those who require our goods can depend on getting reasonably regular supplies to meet their demands—and supplies suited to their requirements, not what we happen to have to sell at the moment. We spent a couple of hours with that gentleman on the question of exporting a certain line of commodities now required in England, but because of the fact that we have not been looking ahead and consequently have not any plans, we cannot furnish the business.

I commend the whole scheme of a marketing board—a body that will control markets and take the surplus products off the home market. After all, the surplus product in agriculture is not very great with the exception of wheat in the west and potatoes in the maritimes. We are consuming the greater portion of our agricultural products. It does not require very much exportation from time to time to relieve the home market of a surplus of perishable commodities, such as meat, butter, cheese, and so on—I need not go into that; every member interested in agriculture knows the facts. But lumber, for example, is in a vastly different position. We have various lumber commodities in very large quantities for export, and that will always be the case if the industry is to be on a stable basis. Let me say again, we must make up our minds to provide channels through which the British importer will know when he may get what he requires. Personally, I do not see how this can be accomplished except through some agency in the shape of a marketing board in the case of agricultural products, and in the case of other commodities perhaps a clearing house or corporation. Something of the kind must be set up. I do not suggest that all the details can be worked out in a day or even a month, but I do feel that the minister should take authority to enable him to bring into being such an organization just as quickly as it can be made to function.

Mr. CAYLEY: Mr. Chairman, I come from the county of Oxford, which you might say is the home of the dairy business of Canada. The dairy breeding and selecting has been perfected to such a degree there that Oxford stock has been sought after in all parts of the world as foundation stock for dairy herds. Oxford county is also the home of the first cooperative cheese factory. Further, it is the birthplace of our first dairy commissioner, Doctor J. A. Ruddick. I see he is about to retire from his position after a long and valuable life given to that department of our national work. In the opening paragraph of his recent report he says:

> As this will in all probability be the last time I shall have the privilege of addressing the Dairymen's Associations of western Canada as Dominion dairy commissioner, it would seem to be an appropriate occasion on which to review the development of the dairy branch and to put on record some of its more important activities. The further fact that I am the only person who has been connected with the branch

from its inception, 42 years ago, to the present day, may possibly be considered as an additional reason for giving some publicity to the matter at this time.

The document I hold in my hand is a short review of the advancement that has been made in the dairy industry since his appointment as dairy commissioner forty-two years ago, showing how this great industry has prospered and developed through its different stages under his skilful management. We who represent the dairy farmers of the Dominion of Canada cannot pay too much tribute to the splendid work done by Doctor Ruddick in this regard. He says this in regard to conditions back in 1891 and 1892:

During the winter of 1891-92, the dairy branch demonstrated the practicability of operating creameries during that period of the year. Two cheese factories in Oxford county, one near Woodstock (East and West Oxford) and the other at Mount Elgin, were fitted up and equipped for winter butter making, and were operated by the branch for three winters along with others started the following year. As this was the first attempt to operate creameries during the winter months in Canada, it was an important step in the development of the modern creamery business.

Further on he refers to this historical and interesting fact of 1892, one which some hon. members will recall:

In September, 1892, we made the mammoth cheese for the World's Fair that was held the following year in Chicago. It was made at the Perth, Ontario, dairy station.

That was one of the things that was not made in Oxford.

The weight was eleven tons, and it was by far the largest cheese that had ever been made. It was sold and cut up in London, England, in May, 1894, and was first-class quality.

Without going through all the details of this interesting record, I would refer just to this long and useful life of Doctor Ruddick and the contribution he has made to this valuable industry. He says in this connection:

I cannot contemplate my dissociation with a work in which I have been actively engaged for fifty-two years, forty-two of which have been spent in public service, without some emotion.

Further on he says, giving one some idea of his splendid character:

On the whole, I do not regret that I have spent the best part of my working life in connection with this service. I probably could have made more money in the commercial side of the business—

We who know him all agree with him in that regard.

—but, after all, money is not everything. There has been a good deal of satisfaction in knowing that one has had some share in the development of the dairying industry of this country during the past forty-one years.

I take very much pleasure in paying this tribute to Doctor Ruddick.

The dairy business, along with others of the country, is in a very sad plight. When I think of the last election—and I do not want to refer to this in a political way, but I cannot help doing so—I think of how the Conservative party rode into power on the back of the dairy cow. Now that they have got into power, it looks from the decrease they have made in the estimates that they have deserted the cow; they have got off her back; they have set the dogs on her and she can shift for herself. While I say that, yet I have faith and confidence, perhaps more than has been suggested by some others on this side of the house, in the Minister of Agriculture; for in days gone by I played football with him and he played a good game. I believe the same energy which he put into the game of football in days gone by, he is putting into the game of administering his department in the government of Canada in these trying days.

I notice a report that in the Senate they are thinking of erecting monuments to some of the great leaders of the day. It would be a good thing, in view of what the dairy cow did for the Conservatives at the last election, if they erected, either in the Hall of Fame or somewhere on parliament hill, a monument to her, because, as many of us know to our regret, she won that great election for them. It seems to me that some tribute to the dairy cow should come from the Conservative party.

Let me say this regarding the dairyman's plight: It is rather sad that in a time when so much benefit was to have been conferred upon the Canadian dairy industry by the shutting off of New Zealand butter, prices of dairy products in Canada should have fallen to a new level, the lowest in a generation. Apparently the high tariff medicine on butter succeeded only in making the patient sick. The fact is that the banning of New Zealand butter from Canada led the producers in this country to expect a much better return than formerly. And they had reason to expect that. I can imagine the campaigners of the last election, who visited the cow-stables of the farmers in my community, while they were looking at the cows and talking over the serious situation as they made it out to the farmers, saying: Let us see your last milk cheque; have you it with you? Do you want that milk cheque to be greater? If so, vote Tory. The farmers believed this. I canvassed man after man who said to me: "No. I would like to vote for you, but we are promised more money." There was no "if"

about the matter; they were surely promised that they would get more money. Now they are wondering where it is; they are looking at their milk cheques and at their egg cheques too. The last time I was home, one poor fellow said to me: "I came in with my eggs to-day, expecting with the proceeds to buy the little one a pair of shoes, but I did not get enough money, so the poor kid had to do without." I am not blaming the Conservative party for the condition of affairs, but I am blaming them for holding out those false hopes. I really believe they misrepresented things; they represented future conditions in too rosy a fashion. The result of the banning of New Zealand butter was that the production of Canadian butter increased until presently we found ourselves on an export market—and that was to be the saviour of the butter industry—facing New Zealand competition in Europe, and the Canadian price of butter was governed by the export price. Besides all of this—and this is the sad part of it—New Zealand retaliated against Canada, resulting in untold damages to the domestic market which had proven so valuable.

The February issue of the Ontario Milk Producer has a few interesting things to say on this subject. It says that dairy farming must be safeguarded. I quote:

> Help the dairy industry and more individual farmers in Ontario will benefit than in any other way. In saying this we have no desire to belittle the claims of other branches of agriculture. We are merely trying to emphasize the importance of dairying in Ontario's agriculture.

There has been talk about the back to the farm movement. There is a decided back to the farm movement. In some communities every family is getting someone back to the farm. Sons and daughters, with their families are coming back as never was the case before. The farmers are bearing a very heavy burden, not only of taxation, but because of those who are returning home. One young man told me just the other day that in his community there was only one family which had not already added to its burden someone, a relative, son or daughter, who had come home to live with the family because they could not get work in the cities and towns. Furthermore they are coming back from the United States. Just before the last election the great cry was, "Our sons and daughters are going to the United States." Well, I assure you, Mr. Chairman, that they are coming back now, and as they said about little Peter, "they are coming back as they never came before."

[Mr. Cayley.]

George H. Barr, speaking at the London convention, said:

> In 1900 the dairy business occupied a very minor position, the total annual value of its products being approximately $34,766,330 as compared with a value of $104,858,000 in 1930. As a matter of fact, dairying to-day constitutes the major item in agricultural revenue. The value for 1931 will be somewhat lower than that of 1930, but the production of milk has established a new record.

And further:

> I wonder if we always remember that the foundation of this great industry which has helped pay off more mortgages on Ontario farms than any other branch of agriculture is that quiet, inoffensive animal, the mother cow which you see strolling around the pasture fields or lying contentedly in the shade of our Ontario maple trees as you drive along your splendid country roads and our wonderful highways, and do we not often forget that these old mother cows are probably doing more to help pay for these splendid roads and highways than any other living thing in the whole province.

If the hon. member for Marquette or the poet member for Selkirk were here I would like to read for their benefit this little poem that I picked up, entitled The Cow. If I were the author of it I would dedicate it to these hon. gentlemen, but I cannot do that. This poem is very significant; probably the Minister of Agriculture will enoy it:

The Cow

By E. Merrill Root

That four-legged fountain called a cow
Is stranger than the Sphinx;
What Oedipus has told us how
Green grass within a copper cow
Turns the white milk he drinks?

The Roc from the Arabian tale
Was not so strange as she;
Jonah's apartment in the whale
Beside her alchemy's a pale
And gentle verity.

God's jolly cafeteria
With four legs and a tail,
As mystic as the Cabala,
An elf in rufous taffeta,
She pours us ivory ale.

The Tavern of the Crumpled Horn,
She pours a cosmic flood
That antedates John Barleycorn;
'Twill feed the Superman unborn;
It nourished Adam's blood.

That might help the hon. member to win his next election. We have heard so much about garnet wheat during the present session that one might think that we produced nothing else in Canada—and by the way I think another session we should have some other line of agriculture stressed a little more in the committee work. Mr. Barr says:

> In Ontario there are about a million and a half cows going quietly about the business of producing the material that kept in operation in 1931, 290 creameries, 719 cheese factories, 29

milk condenseries and milk powder plants, 525 milk and cream distributing plants, and dozens of ice cream plants. The old mother cow is also doing her share in providing the milk and cream used in scores of bakeries, confectionery and chocolate factories.

May I pause here to interject that in view of the hardships the dairymen are up against these days, and the heavy taxation the farmer finds imposed upon him municipally, provincially and otherwise, I would urge that he be exempted from any further burden by way of the sales tax. Mr. Barr goes on to say:

Ontario produces about one-third of all the creamery butter, and about two-thirds of all the cheese manufactured in Canada. Three-quarters of the milk condenseries and milk powder plants in Canada are located in the province of Ontario. Slightly over ninety-five per cent of the cheese made in Ontario in 1931 was first-grade quality.

You may talk about Manitoba, Quebec and the other provinces, but surely it cannot be denied that Ontario is leading in respect of dairy production. Mr. Barr says further:

We estimate that about seventy per cent of Ontario creamery butter is first-grade also, and it is practically all made from pasteurized cream, which gives it that nice, mild flavour which we all like so much on our toast and breads.

Since agriculture is the basic industry, the basic foundation upon which all other industry rests, I think we should treat it as a basic industry, and not treat the secondary industries as basic industries. Do not let us get them misplaced. If agriculture is made to flourish, if prices of agricultural products can be raised, all will enjoy the prosperity that will follow. So I say, treat agriculture as a basic industry. Feed it and nourish it and dig around it and see the roots are well kept, because it is our root industry. In speaking of it the Prime Minister said: We are ready to put all the resources of this dominion behind the dairy industry. Yet we see this government reducing the estimates of this department more than any other department of the government. Thirty-three and one-third per cent is chopped off, and that is the way the government is putting all the resources of this dominion behind the hard working farmers of this country. It seems to me to be beginning at the wrong place, and I would throw out this suggestion: To this so-called invisible government which is behind the government and has been dictating its policies, and which with the dairy cow helped the government into power, I hope the Prime Minister will say: "I listened to you once before and raised the tariffs because we had an idea that your theory was right. But you were wrong. You have ruined us, you have brought our country to the verge of bankruptcy, and now we are going to begin with the basic industry and build it up, and on that firm basis our other industries, manufactures and everything else, will flourish."

I think all will agree with me that the National Dairy Council have studied this question exhaustively. Let us see what they have to say about the condition of affairs and what they have to offer by way of suggestions. This is from the president F. E. M. Robinson. He says:

I wish to make it very clear that the whole question of future prices in our industry is bound up in the question of sterling exchange and its relation to our currency and to that of the United States. We cannot meddle in these high matters—

I do not know why.

—but I must point out that an active inflationary policy in the United States resulting in a depreciation of the value of their money might necessitate similar action in this country for we could hardly maintain ourselves if our currency were to be at a premium over both London and New York.

He says further:

This is of course conjectural, but I wish to make it clear that existing debts cannot be validated at existing prices, and hence we may conclude that means either natural or artificial will be found to depress the value of money and raise the prices of commodities. This is the long term view, but in the meantime we can and must use this period of hard times for a drastic cutting of costs.

When the New Zealand treaty was under discussion before a committee of the house I asked the minister if the National Dairy Council had been called in to advise respecting some of the terms of the legislation, and he answered that it had not. I was sorry to receive that information, because I think they should not have been overlooked. I wonder if their wishes and suggestions will not be considered during the coming Imperial economic conference. I should like to read the following to the minister from the National Dairy Council:

It is expected that the Imperial economic conference will be held in Ottawa probably in July. The date is now only a little over three months distant and very little has been done to prepare a case for agriculture comparable to the carefully prepared arguments which will be advanced by the industrial interests.

It looks as though the conference may be onesided and that the farmers will be left out, only to find that the industrial interests have had their way. I continue reading:

We may take it, I think, that the British delegation will have two thoughts in mind—namely, an outlet for British manufactured goods and reasonably cheap food for the British consumer. From this it is clear that the case for Canadian agriculture as a whole must be

made so strong that it may be accepted as part of our national program. I am not satisfied that any adequate appreciation of this need exists as yet in this country, and in the short time at our disposal we must make every effort to work with the other agricultural interest to this end.

I do not think any useful purpose would be served by continuing the discussion longer. I have tried to point out to the minister the very great importance of this line of agricultural activity in the province of Ontario, and what it means to the people in my county. I must say they are beginning to lose faith in governments and politicians. I can best illustrate my point by relating the following incident. I do not know how it came about, but a young chap from the city of Ottawa drifted into the county of Oxford, and the other night he called at my home asking for something to eat. Having given him his meal and finding out that he had come from Ottawa, they asked him how conditions were in this city. His reply was, "Ottawa is nothing but tourists and politicians; there is no place for a poor man like me." That seems to be the feeling growing prevalent throughout Canada, namely that Ottawa is no place for a poor labouring man out of work, but a place for only politicians and tourists.

I assure the minister I shall join with him; I hope other hon. members will take a similar attitude and that we may be successful, in these days of adversity, in broadcasting the feeling that Ottawa is doing something worth while and making an effort to help out. The matter of currency is something I cannot settle in my own mind, but no doubt presents a difficulty which should be met. When I read that great economists and other men of outstanding ability say our currency is weak or that it is at fault, then I say, let us try something. There is no doubt that the farmers of Canada cannot long continue in their state of bankruptcy. I fear for them, and I do not think I could better illustrate their condition than by quoting from a speech made by the Hon. Louis Ludlow of Indiana. Speaking at Washington not long ago he said:

> Every time I receive a letter from home I utter a Methodist prayer before I open it, because I know it is going to bring some new tale of tough luck.

Further on he states:

> Every dirt farmer in Indiana has got the shimmy shaking blues—

Whatever that is. I suppose it is a condition which would keep one awake at night. The fact is, however, that the farmers do not know what to do. Speaking about the price of hogs he says this:

When I have completed a hog for the market and bid him farewell as he leaves for the slaughter pen, I admire him for his architectural beauty, but I weep softly when I think that everything I put into him is a dead loss, except perhaps the squeal. I find no balm in Gilead.

Speaking about the price of eggs he has the same tale of woe:

> Every time one of my hens cackles after conferring an egg on me, she seems to boast brazenly over adding one more link to my deficit.

Then he goes on further in this interesting speech, and tells about a little creek flowing back of the barn, and about the old swimming hole in which he used to go swimming. He tells of having listened to the song of the frogs, but states further that in these days there is no joy in their song. He says:

> The bullfrogs broadcast the dolorous slogan, "tough luck, tough luck."

Let me assure hon. members of this: tough as it is, these farmers of Canada, of Ontario, of Oxford county, are of the very best calibre; they are the very best stuff. In a real sense they are the true pioneer stock. May I close my remarks by again referring to Mr. Ludlow's speech. In my view the piece of verse I am about to quote describes very well the present conditions of the farmer, and his hope and faith for the future:

> Work all summer till winter's nigh,
> Then figure up the book, and heave a big sigh.
> Work all year; don't make a thing;
> Got less cash than I had last spring.
> Now, some people tell us there ain't no hell,
> But they never farmed, so they can't tell.
> When spring rolls round I take another chance,
> While the fringe grows longer on my old gray pants.
> Give my s'penders a hitch, my belt another jerk
> And, by heck, I'm ready for a full year's work.

Mr. REID: Mr. Chairman, I rise to say a few words in regard to the export marketing board, and shall direct my remarks to one particular line of agricultural endeavour which up to the present time has not been mentioned in this discussion, namely the poultry industry. I shall speak not entirely with reguard to Canada as a whole but with particular reference to the province of British Columbia.

Due to the mild climate and the freedom from extremes of heat in summer or cold in winter the lower mainland of British Columbia, Vancouver island and adjacent islands are very suitable for egg and poultry production. As the soil in many parts is inclined to be gravelly and well drained, it is well adapted to poultry raising. The flocks of laying birds

in British Columbia are among the finest in the world, and are specially bred and selected for heavy egg production. The average production per bird is 144 eggs per year.

Prior to 1920 the province of British Columbia did not produce enough eggs to supply its own requirements, and it was necessary to import eggs to meet the demand. Development of the industry was very rapid from 1920 until 1929, when production reached its highest point. In that year production was sufficient to supply domestic needs, and 177,754 cases or 389 carloads of eggs were shipped out of the province to eastern Canada. Carload shipments out of British Columbia, according to figures supplied by the Dominion live stock branch were: 1926, 55 cars; 1927, 155 cars; 1928, 362 cars; 1929, 389 cars; 1930, 310 cars. In addition to carload shipments at various times considerable quantities were exported by water to other countries.

The poultry population in 1929 was estimated at two and one-half million birds, and there were from 3,500 to 4,000 commercial poultrymen engaged in the business. The average price to producers that year was about 30 cents per dozen, or a gross earning of $3.60 per bird. In 1930 there was a decline in production of about 15 per cent due to lower prices, high feed costs, and consequent reduced profits.

During 1931 there was a further very serious decline in production estimated at about 25 per cent under last year, large numbers of producers having been forced to sell their entire flocks. I had a letter the other day from a neighbour of mine who, when I came to Ottawa at the opening of the session, had a flock of one thousand birds. He has been compelled to sell them at the rate of about 100 a month in order to pay his feed costs. For three pound birds which cost him 85 cents to bring to maturity he has been receiving only a total price of 25 cents. Unless better prices are obtained the industry will largely disappear in British Columbia. The production of eggs and poultry in that province is a highly specialized business. The poultry plants are operated on small acreages, the average being about five acres. That may sound strange to farmers who are accustomed to 100 or 160 acres, but many of those five acre plants represent investments from $20,000 to $75,000. I know one man who has an incubator capacity of 120,000 eggs, producing baby chicks for sale. Feeds consist of approximately ninety-five per cent low grade grain and grain products, most of which is shipped from the prairie provinces and if this market is closed to the prairie farmers it will mean a considerable loss in revenue to them. The farmer is no longer an individualist; in the old days he could barter by himself, but that has all been changed. In the past wholesalers were rather pleased when there was a surplus of products, because that meant lower prices to the producers with consequent larger profits to themselves. Today Canada is the largest consumer of eggs in the world, the average being 365 eggs per capita per annum. This has been brought about by our high grading and the high quality of our products.

It cannot be expected that the various provinces should go into the import countries of the world seeking markets for their products. I believe this is a field which the export marketing board could cover very well, and I should like to see that plan at least tried out. I do not know that it would solve all our difficulties, but at least it would be a step in the right direction and would assure to the importing countries uniformity and quality. They could also deal with the question of continuity of supply, which is one of the important things to be considered when you sell products in a foreign market.

I just desired to bring this matter to the attention of the minister, because I have not heard this branch of agriculture discussed, except in a cursory way. I hope if a board is appointed some real poultryman will be included among its members.

Mr. IRVINE: At this late hour, Mr. Chairman, I will not attempt to cover the field of discussion with regard to agricultural conditions with which I otherwise would have dealt. If the government required to be impressed by the conditions existing in the agricultural industry I am sure this prolonged discussion will have impressed them. From all sections of the house, wherever there are members representing agricultural people, we have heard the story of the economic plight of the farmers. The hon. member for Bow River presented a picture which, while sad, is only too true. In his usual graphic and impressive style the hon. member gave the actual economic condition of the country so far as agriculture is concerned, and he presented authentic figures to show the comparative prices of agricultural and other products. These show that for a number of years the prices of agricultural products have been gradually dropping until now they have reached the point where it is practically impossible for the farmers to keep going.

The Minister of Agriculture is a practical farmer himself; he has first hand information, and it is not necessary for me to attempt to

instruct him with regard to these conditions. He knows them perhaps a great deal better than I do, so I need not reiterate what he already knows and what has been said so well by other hon. members. The question for us to consider now is what the government can do to assist agriculture at the present time. Perhaps it cannot do very much. I have noticed that the governments of the past have all lacked an agricultural policy. We have been told by some that the proper policy for a country in which agriculture is the basic industry should be low tariff or free trade, but Canada has never had an opportunity to experiment along that line, though many times and for many years we have had governments in power which believed in low tariffs and preached that policy as the salvation of the agricultural industry. I say despite that fact Canada has never known a low tariff policy, and we have never been able to find out whether or not it would work.

To-day we have a government in power which believes in high tariffs, and we must look to them for some compensating policy in connection with agriculture. The plight of the farmers, of course, is due to an economic situation not confined to Canada but universal in its scope. That fact has been well emphasized in this debate. I doubt very much whether agriculture can be restored to a prosperous condition by any act of this parliament which does not make fundamental changes in our economic system. I believe that the present impoverished condition of agriculture is due primarily to defects in the economic system itself. The greatest defect of that system is to be found in its objective; the next greatest defect is in its technique, and I do not know to what extent a parliamentary enactment can make much impression on conditions of the sort. Nor do I think the present government is disposed to take that great step which would be necessary to make the experiment. However, I believe the day is coming when it will have to take that step whether it wishes to or not, and of course that is the only time when any government does take such a step—when economic circumstances kick it into position. And we are not very far from that now.

The chief task of the Minister of Agriculture in Canada has been for some years past to assist in every way possible the development of the industry, to increase output. I want to point out—I do not think it is necessary to do so, because the Minister of Agriculture, I am sure, knows it—that the task of the minister to-day is a very different one from what it was twenty years ago. In addition to the necessity of maintaining the educational effort of the department in respect to agriculture, there has developed an entirely new problem which until the present time has scarcely ever been recognized. The work of the department now is not so much to help to produce more wheat or to produce more vegetables or more of anything else, although education in regard to these matters must be maintained. The great question is: how are we going to get rid of the surplus of products which are practically worthless in Canada? Now that is the problem, the chief problem of the Minister of Agriculture at the present time, and I will say also in that connection that the expenditure in that department should be very largely in connection with schemes of some sort which would enable us to get rid of that surplus in some way. I would go so far as to say that it might be better for the farmers of Canada if the entire seven million dollars expended in this department were expended in buying wheat which was dumped in the middle of the Atlantic; if we could not find a better use for it, that would be better than stimulating further production without making any attempt whatever to get rid of our surplus products.

Two suggestions have been made in the course of this discussion. One was put forward by the hon. member for Macleod and the other was put forward and emphasized, I believe, since then by other speakers, but first introduced to-day by the hon. member for North Huron. The suggestion made by the hon. member for Macleod I will not labour at this time because for many years I have advocated similar policies and pointed out that if they were followed they would result in great benefit to agriculture. As hon. members will recall, however, the hon. member for Macleod advocated that the Canadian dollar should be on a parity with the pound sterling, and he argued that this would be equivalent to increasing the prices of our exports by the amount of the exchange now against us. And, of course, to the extent that prices would then rise, debts would be reduced; for debts must always be regarded in their relation to the prices of the commodities which must pay them, and while our commodity prices go down, our debts correspondingly rise, plus interest charges that have not been paid—and compound interest. So that our debts are growing enormously and increasing in proportion to the rate at which our prices go down. I believe that if the government find it possible to follow the suggestion of the hon. member for Macleod, it would be at least in this regard advantageous. Presumably

there are other reasons, more potent, why this cannot be done, but so far they have not been disclosed to the house.

I turn next to the suggestion made by the hon. member for North Huron, and, I believe, adumbrated by the minister himself, with regard to the marketing board. I am glad to know that the minister has at least given some thought to this. He indicated in his remarks the other day that while it had not been fully decided upon, the government had entertained the idea with some favour, and that is hopeful. But it is disappointing if that is all that is going to be done; it is very disappointing. We do not feel satisfied with the mere appointment of a commission, as was suggested by the minister, to investigate agricultural conditions and find out how this marketing board has worked in other countries, and so forth and so on. I do not believe that would be money well spent. Besides, by the time the commission was ready to report, the marketing board, if immediately set up, could have done a good stroke of business for the farmers of Canada. The minister and the government would be well advised to give this matter further consideration, and I wish to advance some reasons why, in my opinion, it would be wise for them to do so.

Certainly a marketing board, apart from any advantage which might come to the basic industries of Canada, is necessary if there is to be any intelligent handling of the export trade. It is necessary for the maintenance of standards which must be kept up if the export trade is to be sustained. Tom, Dick and Harry selling how, when and where they please cannot build up a stable foreign market, and so from the point of view of our national interests, such a board will ultimately become indispensable. It is necessary now. It will be of assistance also if intelligently handled, as I have no doubt it would be if it were set up, in assisting us in matters of exchange. As it is nearly eleven o'clock, I do not wish to go into that phase of the argument but rather to discuss some points with respect to agricultural conditions at the moment which would indicate the advisability of such a board. Everyone knows that Canada consumes a very large percentage of all her farm products in the live stock and dairy lines. I do not recall the exact figure, but I think it is somewhere around five per cent of our live stock that is exported; and I do not know whether the percentage of dairy products, eggs and so forth, is any greater than that. Everyone knows also that that five per cent fixes the price of the other ninety-five per cent in Canada. In other words, the market into which the five per cent goes is equivalent to a dump market, and the entire price of the Canadian product in Canada is fixed by that dump market in some other country. Now the government, very properly, I think, since tariffs are the order of the day, attempted to assist agriculture two years ago by increasing the tariff slightly on eggs, butter and other farm products. But this condition defeats the object of the government in that respect. If the government wishes to make that tariff effective I do not know of any other way under the sun by which it can be done but by the establishment of a marketing board. I do not wish to go into the details of its workings. Those hon. members who have studied the Patterson scheme in Australia know the technique of the thing without any elaboration from me. But the point is that a small levy be made on the farmers who are selling their products, this levy to be only to the extent necessary to make the export price equal the price at home. But it requires legislation and the setting up of a board to give the farmers an opportunity to try out the scheme. That is practically all we are urging the government to do in this respect. I should like to go further and ask the government to provide an amount of money, similar to that which was given to the wheat growers last year, to operate this marketing board for one year, at least until the thing got a fair trial and was thoroughly established. That is only my idea. The farmers of the west who are asking for this board have not gone that far. All they ask is that legislation be provided to make this marketing board possible.

That, I think, is not too much to ask the government to do, especially since I presume the wheat bonus has been discontinued. I do not know whether I may be going too far in that presumption, but at any rate so far as I know no provision has been made for it. I hope provision will be made if the price of wheat does not rise. Since, despite all the advice that comes to this house and to the government from all sources on matters of national policy, no other policy has so far been evolved that would be calculated to assist agriculture, I hope the minister and the government will give the farmers a chance to try out this marketing scheme. We do not expect it will bring the millennium, we do not expect that it will make farming prosperous, nor do we think it will pay the national debt; but we do entertain hopes that it will give at least some slight assistance to that very oppressed section of the community.

May I say in conclusion that so far as I heard the minister while he was speaking about such a board, he did not disclose the real reasons—if there are any—why it has not been decided to establish such a board at once. There may be some good reasons for delay, but so far they have not been disclosed. I question whether the reasons are sufficient to warrant delay, and I urge once more that the minister listen to the views of the representatives of agriculture all over the house—hon. gentlemen on his own side, all those in this corner, and numbers of hon. gentlemen to my right—all of whom have spoken favourably about this board. I hope he will give the matter another thought and decide to act at once. We have done enough talking. The time has come to act, and the Minister of Agriculture is the only one in a position to act.

The CHAIRMAN (Mr. Bury): Shall the item carry?

Mr. NEILL: No.

Mr. MOTHERWELL: I think in order to make progress, Mr. Chairman, we might let the first two votes pass, if the minister will undertake that anybody who wants further to discuss dairying may do so another day under the heading of live stock. Can the minister give that undertaking?

Mr. WEIR (Melfort): Yes.

Item agreed to.

Progress reported.

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

Monday, May 16, 1932.

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

UNEMPLOYMENT RELIEF

Mr. LAFLECHE:

How many requests, in connection with unemployment works, were refused in the county of Richmond-Wolfe?

Mr. GORDON: All requests for unemployment relief work forwarded to the Department of Labour by the provincial authorities of Quebec were approved and duly authorized by the governor in council.

[Mr. Irvine.]

SOLDIERS' PENSION CASES

Mr. FRASER (Northumberland):

1. Will the government provide immediate means to expedite hearings of soldiers' pension cases before the pension tribunal and the presentation of appeal cases to the Court of Appeals?

2. If so, what improvements to the present machinery for dealing with pensions have been or will be immediately put into effect?

Mr. BENNETT: This question is not in proper form: "Will the government provide," so and so. It is not a proper form of question.

Mr. SPEAKER: Question No. 23 will be dropped for revision.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RESTIGOUCHE, N.B., FISH HATCHERY

Mr. VENIOT:

1. What salary was paid to each employee of the fish hatchery in Restigouche county, New Brunswick, for the years from 1925, to December, 1931?

2. How much was paid to each person for securing salmon spawn during the period above named?

3. What amount was paid each year for car hire, giving names of persons to whom amounts were paid and amount paid each?

ROYAL CANADIAN MOUNTED POLICE

Mr. LAFLECHE:

1. How many are on the force of the Royal Canadian Mounted Police, and what are their names?

2. What are the dates of their appointment?

3. Where do they reside?

4. What salary is paid to each?

5. What are the names of those who recommended each of them?

PENITENTIARIES AND PRISONS

Mr. ROBERGE:

1. How many prisoners are detained in the Canadian Penitentiaries, prisons or reformatory schools?

2. How many prisoners are there of each nationality?

MR. ALPHONSE GARON—POLITICAL PARTISANSHIP INQUIRIES

Mr. POULIOT:

1. Did Mr. Alphonse Garon preside as commissioner in an inquiry held in connection with Johnny April, postmaster of Gironde, county of Témiscouata, Quebec?

2. If so, (a) on what date was this inquiry held; (b) how many witnesses were heard; (c) who swore them in; (d) on what date did said Alphonse Garon forward his report to the department; (e) what amount was paid by the department to said Alphonse Garon as fees and expenses in connection with this inquiry?

3. Was the postmaster above mentioned dismissed on the report of said Alphonse Garon?

4. Did said Alphonse Garon preside over this inquiry as commissioner previous to being sworn as such?

5. If so, (a) by virtue of what authority were the witnesses sworn in; (b) did the department request said Alphonse Garon to return his fees and expenses, and order a new inquiry?

1. Did Mr. Alphonse Garon preside as commissioner over an inquiry held in connection with Joseph Michaud, postmaster of La Richardiere, county of Témiscouata, Quebec?

2. If so: (a) on what date was this inquiry held; (b) how many witnesses were heard; (c) who swore them in; (d) on what date did said Alphonse Garon forward his report to the department; (e) what amount was paid by the department to said Alphonse Garon as fees and expenses in connection with this inquiry?

3. Was the postmaster above mentioned dismissed on the report of said Alphonse Garon?

4. Did said Alphonse Garon preside over this inquiry as commissioner previous to being sworn as such?

5. If so: (a) by virtue of what authority were the witnesses sworn in; (b) did the department request said Alphonse Garon to return his fees and expenses, and order a new inquiry?

1. Did Mr. Alphonse Garon preside as commissioner over an inquiry held in connection with David Lebel, postmaster of Montagne Ronde, county of Témiscouata, Quebec?

2. If so: (a) on what date was the inquiry held; (b) how many witnesses were heard; (c) who swore them in; (d) on what date did said Alphonse Garon forward his report to the department; (e) what amount was paid by the department to said Alphonse Garon as fees and expenses in connection with this inquiry?

3. Was the postmaster above mentioned dismissed on the report of said Alphonse Garon?

4. Did said Alphonse Garon preside over this inquiry as commissioner previous to being sworn as such?

5. If so: (a) by virtue of what authority were the witnesses sworn in; (b) did the department request said Alphonse Garon to return his fees and expenses, and order a new inquiry?

1. Did Mr. Alphonse Garon preside as commissioner over an inquiry in connection with Mr. Antoine Landry, postmaster of Notre Dame du Lac, county of Témiscouata, Quebec?

2. If so: (a) on what date was this inquiry held; (b) how many witnesses were heard; (c) who swore them in; (d) on what date did said Alphonse Garon forward his report to the department; (e) what amount was paid by the department to said Alphonse Garon as fees and expenses in connection with this inquiry?

3. Was the postmaster above mentioned dismissed on the report of said Alphonse Garon?

4. Did said Alphonse Garon preside over this inquiry as commissioner previous to being sworn as such?

5. If so: (a) by virtue of what authority were the witnesses sworn in; (b) did the department request said Alphonse Garon to return his fees and expenses, and order a new inquiry?

1. Was Francois Michaud heard as a witness in an inquiry held in connection with political partisanship in which Joseph Michaud, postmaster of La Richardiere, county of Témiscouata, was the person charged?

2. Was the said Francois Michaud appointed postmaster to replace Joseph Michaud?

1. Did Eugene Lepage lodge a complaint against David Lebel, postmaster of Montagne Ronde, county of Témiscouata, Quebec?

2. Was said Eugene Lepage heard as witness in an inquiry held, in connection with political partisanship in which David Lebel was the person charged?

3. Was the said Eugene Lepage appointed postmaster to replace said David Lebel?

1. Did J. T. Voisine lodge a complaint against Antoine Landry, postmaster of Notre Dame du Lac, county of Témiscouata, Quebec?

2. Did said J. T. Voisine bear witness in an inquiry held in connection with political partisanship in which said Antoine Landry was the person charged?

3. If so, was it on the evidence of said J. T. Voisine that the commissioner based his report against said Antoine Landry?

4. Was said J. T. Voisine appointed acting postmaster to replace said Antoine Landry?

1. Did Alexandre Lebel lodge a complaint against Andre Beaulieu, postmaster of Raudot, county of Témiscouata, Quebec?

2. Was said Alexandre Lebel a witness in the inquiry in connection with political partisanship brought against said Andre Beaulieu?

3. Was said Alexandre Lebel appointed postmaster to replace said Andre Beaulieu?

4. Did the Postmaster General receive a petition signed by a number of persons to the effect that only one man, Alexandre Lebel, wanted to change the site of the post office?

1. Did Mrs. Emile Ouellet, widow, lodge a complaint against Omer Sirois, then postmaster of Riou, county of Témiscouata, Quebec?

2. Was said Mrs. Emile Ouellet appointed postmistress to replace said Omer Sirois?

3. Was she appointed after a regular inquiry?

1. On what date did Alcide Beaulieu, postmaster of St. Benoit de Packington, county of Témiscouata, Quebec, resign?

2. Who replaced him?

3. On whose recommendation was his successor appointed and on what date?

1. Was Mrs. Emma Rioux, alias Mrs. Joseph Rioux, widow, heard as a witness in an inquiry held in connection with political partisanship in which Johnny April, postmaster of Gironde, county of Témiscouata, Quebec, was the person charged?

2. Was said Mrs. Rioux appointed postmistress replacing said Johnny April?

1. Did Pierre Fortin lodge a complaint against Joseph Morneau, postmaster of Ivry, county of Témiscouata, Quebec?

2. Was said Pierre Fortin appointed postmaster to replace said Joseph Morneau?

3. Was he appointed after a regular inquiry was held?

1. Did Isidore Ouellet lodge a complaint against Narcisse Ouellet, postmaster of Lamy South, county of Témiscouata, Quebec?

2. Was said Isidore Ouellet appointed postmaster to replace said Narcisse Ouellet?

Mr. CAHAN: Some of these questions relate to the Post Office Department, but they involve civil service as well. I would suggest that Questions Nos. 6 to 19, both inclusive, stand as orders for returns.

Mr. MACKENZIE KING: In regard to Question No. 19, I rather think the Secretary of State included it inadvertently. I suggest that it had better stand.

Mr. CAHAN: That is so.

UNOPPOSED MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF

Mr. POULIOT:

For a copy of all orders in council in connection with aid to farmers, since August 1, 1930.

Mr. SPEAKER: In the absence of the hon. member for Témiscouata (Mr. Pouliot), this motion will stand.

Motion stands.

ALVENA, SASK., POST OFFICE

Mr. TOTZKE:

For a copy of all correspondence, reports, evidence, petitions, and other documents in connection with the dismissal of George Slusar, postmaster at Alvena, Saskatchewan, and the appointment of his successor.

UNEMPLOYMENT RELIEF

Mr. VENIOT (for Mr. Ralston):

For a copy of all correspondence, letters, telegrams, and other documents since August 8, 1930, to date, passing between the Department of Labour, and any cabinet minister or any official, and the government of Nova Scotia, and any minister or official of that government, or any person or persons, regarding all or any matters affecting or touching upon unemployment relief or other matters in connection with Elmsdale Lantz highway diversion or old Halifax road.

CHARLEVOIX FERRY BOAT SERVICE

Mr. VENIOT (for Mr. Casgrain):

For a copy of all correspondence, letters, telegrams, petitions and other documents in connection with the contract to be awarded by the Trade and Commerce department, for the ferry-boat service between Ile-aux-Coudres and Les Eboulements, in the county of Charlevoix, since the 1st of January, 1932, together with the evidence taken in writing of all the witnesses heard at the hearing held by Mr. F. E. Bawden, of the Trade and Commerce department, at Baie St-Paul, in the month of May, 1932, and his report upon such matter to the minister, and the decision arrived at by the minister.

[Mr. Pouliot.]

Mr. BENNETT: I think the universal practice has been not to bring papers down with respect to matters that are pending and about which decisions must be arrived at by the minister. This is with respect to contracts to be awarded by the Department of Trade and Commerce and involves the consideration of evidence and decision to be arrived at by the minister. The motion might stand until such time as action has been taken, after which the papers can be brought down.

Mr. SPEAKER: The objection is well taken and the question will be dropped.

Mr. BENNETT: It can stand; that will save printing.

Mr. SPEAKER: Motion stands.

HUDSON BAY RAILWAY

SHIPMENT OF GRAIN THROUGH PORT CHURCHILL

On the orders of the day:

Mr. W. D. COWAN (Long Lake): I wish to ask a question of the Minister of Railways. It is based on an article which appeared in the Journal on Saturday under the following heading:

2,000,000 bushel wheat shipment for north route.
Saskatchewan pool announces Churchill will get big business during the summer.

Did the Minister of Railways receive any official notice of such shipment? If so, did he receive it in time to enable him to make the necessary arrangements? Has he any idea how many cargoes such a shipment would make?

Hon. R. J. MANION (Minister of Railways): Due to the item in the press regarding Churchill, I expected that someone would ask as to details and, therefore, I may state that the item mentioned is based on fact.

As I advised the house some weeks ago, the Department of Railways and Canals has been doing everything possible to encourage a proper test during the coming season of the Churchill route, and about ten days ago a representative of a responsible grain company called upon me and made a verbal proposal to send 2,000,000 bushels of grain to the Churchill elevator on condition that the government would not make any charge for elevation or storage. I requested that he put his proposal in writing, which he did, and the matter was then discussed with the Department of Trade and Commerce, the Board of Grain Commissioners and the officers of my own department. As a result of these

discussions a satisfactory agreement has been drawn up between the Department of Railways and Canals and the grain company mentioned permitting the grain company to ship 2,000,000 bushels of grain forthwith to the Churchill elevator, the understanding being that they ship out from that port at least 1,000,000 bushels during the coming season. The grain company undertake also that in the event of other exporters shipping through Churchill they will lend such exporters any reasonable shortage to fill their boats and not charge a premium in excess of one-half cent per bushel for such loan. The borrower, however, must show evidence satisfactory to the Board of Grain Commissioners that he has provided for the full shipment that he is making.

The grain elevator has a 2,000,000 bushel storage capacity and a 500,000 bushel work house capacity. Therefore, even with the elevator storage space completely filled, grain can still be moved through the elevator directly from cars to ships. The permission, therefore, to the grain company mentioned for the use of 2,000,000 bushels storage space does not in any way prevent other shippers from using the port.

In order to prevent congestion of grain at Churchill and at the suggestion of the Board of Grain Commissioners, a permit system, similar to that in effect at Vancouver, will be put on, and grain will be allowed into Churchill only under these permits, as and when vessel tonnage has been provided or storage space available. The railways and the exporters are all familiar with the operation of this permit system, which has now been used for six or seven years in connection with the port of Vancouver.

I am informed that 1,250,000 bushels has been already purchased by the grain company, and a movement to the Churchill elevator will probably begin within the next fortnight. The operation of the Churchill elevator within the next ten days has been arranged for, and I see no reason why this whole movement cannot be made without any trouble whatsoever.

The government has been making every effort to have the insurance rates out of Churchill lowered, and I think that I may safely say that there is likely to be a slight lowering of the insurance rates out of Churchill this season; at least we are very hopeful of this because of certain information which we have received. The fact that the charges for elevation and storage are eliminated, as they were last year, naturally cancels a good deal of the excess insurance, though, of course, it will be understood that the port of Churchill ultimately will have to operate on the same basis as other ports of the dominion.

May I add in conclusion that every effort is being made by my department, and such efforts have been going on continuously, to have the Churchill route given a fairly complete test in every way during the season of 1932.

The hon. member asked about the number of cargoes. I should judge that 2,000,000 bushels would be in the neighbourhood of eight cargoes.

WHEAT POOL

GUARANTEES GIVEN TO BANKS ON BORROWINGS

On the orders of the day:

Mr W. G. WEIR (Macdonald): I wish to ask a question of the government, based on the remarks of the Prime Minister some days ago, with respect to the guarantees given to the banks on the borrowings of the Canadian wheat pool. The Prime Minister, on March 8, Hansard, page 906, in referring to the assistance given to the western provinces to purchase seed grain, said:

> It may interest this house to know that we took steps last year to acquire, through the aid of Mr. McFarland . . . . sufficient quantities of wheat to take care of that situation at a price which I should say is at least ten cents lower than the rate to-day prevailing.

On March 10, Hansard, page 978, with reference to the order in council passed, agreeing to guarantee the wheat pool accounts to the banks, the Prime Minister interjected:

> I think there is no liability at the moment.

The Prime Minister will also recall that a delegation waited on him a year ago in this regard and submitted a memorandum. The question I wish to ask is this: First, has the government in this connection taken into consideration the money, approximately $500,000, that is due to the growers of durum wheat delivered to the pool during the crop year 1930-31? Secondly, is the government in a position to state whether or not it will recommend that this money be paid out to the growers?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. gentleman was good enough to furnish me with copies of his questions, which are not usual questions to be asked on the orders of the day. The two questions asked can be readily answered. First, the government has nothing whatever to do with the matter, and, second, the government cannot make recommendations about a matter which is none of its business.

WHEAT SHIPMENTS TO RUSSIA

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, could the Minister of Trade and Commerce (Mr. Stevens) give the house any information with regard to the shipments of wheat from Vancouver to Vladivostock? I should like to know if this wheat is being paid for in goods or in gold.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I have no knowledge as to how this wheat is to be paid for. I simply know that certain grain traders have sold wheat for export to Vladivostock, presumably to replace wheat in the northern section of Russia which had been marketed in excess of what they were warranted in doing. It is my information that this wheat is to be used partly for seed purposes and partly for food. The whole matter is a trade arrangement between private traders and Russian authorities.

INCOME WAR TAX ACT AMENDMENT

SPECIAL TAX ON INCOMES OF JUDGES AND MEMBERS OF MILITARY, NAVAL, AIR AND POLICE FORCES

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Income War Tax Act to provide that the members of the judiciary, and the members of the military, naval and air forces of Canada and of the Royal Canadian Mounted Police, other than enlisted men, shall be liable to pay a special income tax of ten per cent upon their salaries received during the fiscal year 1932-33, in addition to any other tax payable under the act.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I explained to the leader of the opposition (Mr. Mackenzie King) that the Minister of Finance (Mr. Rhodes) would proceed with this resolution in order to get it into committee and through first reading, but that full opportunity would be given to the former Minister of Justice (Mr. Lapointe) to discuss the matter at some future date.

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

Mr. MACKENZIE KING: I take it that this resolution is to be read in conjunction with Bill No. 19. Am I right in assuming that the object of the resolution is to provide for some contribution to be made by those who are mentioned to help defray the expenses of government in a manner similar to that being done by members of the public service from whose salaries a ten per cent deduction is being made.

Mr. RHODES: My right hon. friend is quite correct. A grave question existed as to whether or not we had the right to deduct from the salaries of the classes mentioned, but, as I understand it, there is no question of our having the right to tax. By this method we are accomplishing that which is being done by Bill No. 19 with respect to other members of the public service.

Mr. MACKENZIE KING: Are we to take it that the government has changed its point of view as to the desirability of a contribution being made by those who come within the categories here set forth. As I understood the former discussion the question was not so much one of the legal authority to ask for a contribution from those here enumerated but rather that it was thought that persons belonging to these particular classes should not be called upon to make a contribution.

Mr. RHODES: There was a question in the case of the judges as to whether or not this ought to be done. As was intimated on a previous occasion by the Prime Minister (Mr. Bennett), we have received evidence that members of the service and, in certain instances, members of the judiciary wish to make a contribution similar to that being made by other members of the public service.

Mr. HANSON (York-Sunbury): Will the minister advise the committee just what is meant by the words "in addition to any other tax payable under the act"? I should like to understand the position of those officials who are already contributing to the Income War Tax Act.

Mr. RHODES: As will be made clear when the bill is introduced, this resolution provides for a reduction equivalent to the deduction of ten per cent being made in the case of other members of the public service. This tax will be in addition to any amounts paid as income tax, as provided for by the statute already existing.

Mr. HANSON (York-Sunbury): Some of these individuals already pay a tax and some do not, that is the point.

Mr. RHODES: If they do not pay a tax they will not be affected by this provision.

Mr. DUFF: Mr. Chairman, I think the committee already knows my views with regard to this whole matter. I am opposed to any reduction in the salaries of judges or any other

officials but I do think that if a reduction is to be made it should be made under the provisions of Bill No. 19. The government in its wisdom has seen fit to introduce a special resolution to amend the Income War Tax Act which covers members of the judiciary, the military, naval and air forces, and the Royal Canadian Mounted Police, but, in my opinion, there are other classes which should come under the provisions of this resolution or of Bill No. 19. The first class to which I refer is the lieutenant-governors, which should contribute just the same as the lightkeepers, the judges and members of the Royal Canadian Mounted Police. To use a Scotch expression, there should be no stepbairns in our family. In my opinion, this class should suffer in the interests of the dominion just the same as the judges, the charwomen, the lighthouse keepers or other members of the public service.

If the Minister of Finance (Mr. Rhodes) does not see fit to amend Bill No. 19, I submit that this resolution should also cover those judges who have been retired and who are now receiving pensions. Many of these judges are receiving large pensions and they should suffer a ten per cent reduction during 1932. I tried to look up the figures but was unable to locate them and consequently my information may not be accurate, but I understand one judge is receiving a pension of $12,000 per year, and is still doing business with the law firm with which he is connected. If I remember correctly, other judges are receiving pensions of $9,000 per year and are able to carry on in their legal practices. Other judges are receiving other amounts. Whether the Minister of Finance, in his judgment, thinks this action should be taken under this resolution or under Bill No. 19, every man or woman in this country who is receiving any money from the public treasury should be treated in the same manner; no distinction should be made. I am opposed to the whole principle of the proposal; in my view it is a mistake to make any deductions from salaries of judges, members of parliament, charwomen, lighthouse keepers, or anyone else receiving money from the government, but if the reduction must be made, everyone should be treated alike, and judges who are receiving large pensions should come under this resolution or under Bill No. 19.

Mr. RHODES: The hon member for Antigonish-Guysborough has made his position very clear to-day as he has done on previous occasions; he has left no doubt in our minds as to what is in his with respect to this matter. I must repeat: This is not a salary reduction; I must insist respectfully on using the word "deduction." We are asking for a contribution for one year. My hon. friend should not treat this as if we were reducing salaries. While I have no doubt, as always happens in a measure of general application, there will be individual cases of great hardship, on the whole I believe that those who are affected by this resolution, as well as those who come under the provisions of Bill No. 19, are prepared in these very difficult times to join with other elements in the country in making reasonable contributions to the federal treasury.

I must respectfully take issue with my hon. friend when he attempts to place the nine representatives in Canada of His Majesty the King upon the same basis as other civil servants; I think they stand in a class altogether different. While the question may be arguable, I do not think it is a subject upon which we should enlarge, especially under these circumstances and at this time.

With respect to the question which was raised by my hon. friend, let me say this: We have touched no pension and if we attempted to make a deduction from the pensions of judges, we would be discriminating against them rather than discriminating in their favour, as he apparently has in mind we are doing because we have not attempted to make deductions in the case of judges. My hon. friend has instanced the case of one judge who is in receipt of a pension of $12,000 a year, and states that that judge is in addition engaged in private practice. My hon. friend must not attempt to prove a general rule by a single instance. That judge, under the terms upon which he went to the bench, is entitled to that pension; he has a right to it in virtue of the statute provided in that behalf. But I must point out to my hon. friend that that judge who is in receipt of his pension of $12,000 a year makes his contribution as an income tax payer. Unless and until we came to the time in Canada when we were prepared to reduce pensions, it would be manifestly unjust to single out the judges for adverse treatment in that respect.

Mr. DUFF: Just upon that point, not only in the present debate but also in previous ones, the Minister of Finance stated that this was not a reduction in salary; that it was a contribution by the civil servants of this country to get over a situation for which perhaps none of us is to blame. I was always of opinion that a contribution was voluntary; a contribution was never something which was forced from one. If you, sir, want to give

$500 to build a new church in your constituency, you give it voluntarily; but if somebody, for instance the legislature of Quebec or the federal parliament, passes a law compelling you to do that, then I cannot understand how the Minister of Finance can call that a contribution. Surely he does not mean to say that the poor women who come here at five o'clock in the morning and whom I meet returning home every day when I come here at seven o'clock in the morning, are willing contributors to this reduction of ten per cent. In view of the fact that the government has been compelled to introduce this legislation with regard to judges, the Minister of Finance cannot say that the judges are willing to contribute ten per cent of their salaries. Moreover, the Prime Minister has told us—and I hope I am not misquoting him; perhaps I shall say we inferred from his statement—and he cannot take objection to what I am saying—that he was communicating with the judges in an endeavour to get them to agree to this reduction. Surely, when the Minister of Finance now says that this is a contribution he is at least stretching the resolution a little; I shall not say that he is stretching the truth, because my hon. friend would not do that. But I say that it is not a contribution from judges, lighthouse keepers or anyone else.

Mr. COTNAM: A donation.

Mr. DUFF: It was not a contribution so far as the hon. member for North Renfrew was concerned; he was not consulted.

Mr. COTNAM: A donation.

Mr. DUFF: If my hon. friend gives a donation for a church or school or anything else in his constituency, he does that of his own free will. But his leader did not ask him, until after the bill was introduced, whether he was willing to agree to give $400 out of his indemnity.

Mr. COWAN (Long Lake): Oh, yes.

Mr. DUFF: If we are going to have in this country government by caucus, and if, as my hon. friend says, the Prime Minister consulted his followers, then the least he might have done before introducing the resolution was to have sent word to the Liberal caucus. In spite of the exclamation by the hon. member for Long Lake, I am doubtful whether the Prime Minister, before deciding to reduce indemnities, ever consulted him or any other hon. member on that side of the house.

The Minister of Finance has said that the ex-judges have a right to their pensions. I agree with him, and I agree that pensions should not be reduced. Have I made that clear enough? I am opposed to a reduction in these pensions; I am opposed to the judges having a reduction in their salaries; I am opposed to my good friend the Minister of National Health getting a reduction of ten per cent in his indemnity or salary. I am also opposed to any man or woman, or even the page boys in the house, having a reduction made in salary without their consent.

The Minister of Finance said that the nine gentlemen who have the honour and distinction of being lieutenant-governors of the provinces are in a class altogether different; they are in a class different from that of the senior member for Halifax, who should have been the lieutenant-governor of Nova Scotia. Why should the lieutenant governor of that province—and I have the greatest respect for him—be in a different position from that of the senior hon. member for Halifax? My hon. friend has to suffer the reduction of $400 in his indemnity in order to assist the country. Why should the lieutenant-governor of Nova Scotia not be in exactly the same position? There is no argument against it. Let us treat all alike, and I again say in the old Scotch words: "Let there be no stepbairns in our family," if we are going to carry out this foolish principle of reducing by ten per cent the salaries of those in this country who are drawing money from the federal treasury.

Mr. LUCAS: With reference to some of the remarks which the Minister of Finance made a few minutes ago—and I wish to take them at their face value—with regard to this being, not a reduction in salary, but merely a contribution, there is another class of people who might make a substantial contribution at this time and that is those who hold tax free bonds. I realize that they bought them under what they consider a solemn contract, but as the country is at present going through a period of distress, surely it would not be asking too much that those people might also make a contribution of ten per cent at this time. I would ask the Minister of Finance whether he would not consider, not breaking those contracts with those people, but simply asking them for a contribution in order that they may be given the privilege of doing their share in helping to bear the present heavy load.

Mr. RHODES: I am sorry, Mr. Chairman, that my hon. friend takes the view at this time of all times, if it were ever justified, that we in Canada should become responsible for a policy of repudiation, for that is what it would mean.

Mr. LUCAS: I did not suggest repudiation in any way.

Mr. RHODES: I say that as a matter of ethics and as a matter of right we ought not to begin to discuss a matter of that kind. But if we put it on the lowest possible basis, that of self-interest, I know of no one thing which, if we attempted to do it, would recoil on our heads to greater disadvantage than that very thing. We might gain for a moment but we would lose in the long run by a very substantial sum. We must do all we can to maintain the credit and the financial integrity of this country, and if we emerge from present conditions with the financial credit and integrity of this country unimpaired we shall have done something wonderful for Canada.

Mr. WOODSWORTH: I did not intend to say anything at this stage, but I cannot allow that point of view to go unchallenged—the point of view that there is something absolutely sacrosanct about finance, that we cannot touch it in any way at all, that wealth must be safeguarded and the government must stand behind it. Yet, Mr. Chairman, the lives and welfare of the people of this country are immensely more valuable. I was at a little meeting the other day when one poor woman who was getting relief said that she was allowed only fifty cents a week for the upkeep of a child. She was absolutely without any resources but what came through relief and, as I said, she received only fifty cents a week on which to maintain her child. I cannot face facts like that and then have the Minister of Finance tell us that we must maintain our credit at whatever cost. I tell you that it is too great a cost at which to maintain it when the lives of our children and the welfare of our homes are in the balance. I have said again and again, as far as these bonds are concerned, that during the present times they are worth practically twice what their face value indicates owing to the deflation that has taken place, and yet notwithstanding that, we are told that we must not tax them even ten per cent. I think the people of this country are beginning to realize the rank injustice of this kind of thing and feel that wealth should be willing to suffer as well as the ordinary people of this country.

Mr. DUFF: With regard to the salaries of the lieutenant-governors and the pensions of the ex-judges, may I draw the attention of the Minister of Finance to the fact that there is one million dollars which these ex-judges all over the country are receiving in pensions. There is a place where the minister and the government could save $100,000 by applying the ten per cent cut. My hon. friend was very anxious to try to impress upon the committee that the lieutenant-governors were in a different position from anyone else. Does he know that there is a lieutenant-governor whom he intends at the moment to allow to draw his full salary this year and also to draw his pension as an ex-judge? Does my hon. friend think that that is fair in view of the fact that every other civil servant practically has received a reduction of ten per cent in salary? Surely my hon. friend will agree that that is not fair or right. As I say, I am opposed to the whole reduction. I am opposed to you, Mr. Chairman (Mr. LaVergne) being treated as you have been in this reduction. You are losing about twenty per cent altogether. If the Minister of Finance has such a high regard for these lieutenant-governors, and I have too, surely they should be the men to set the rest of us a good example. If poor little me is willing to lose my four hundred dollars, surely the lieutenant-governor and ex-judge to whom I am referring should not accept both his full salary as lieutenant-governor and his full pension as an ex-judge.

Mr. BENNETT: You are wrong on that. The minute he takes office as lieutenant-governor he does not get his pension. You should be sure of what you say.

Mr. DUFF: I wish my right hon. friend would be a little more courteous in his interjections.

Mr. BENNETT: That is a fair interjection.

Mr. DUFF: Why is my right hon. friend so much worried about the lieutenant-governors and the ex-judges? The information I am giving to the committee I have taken from the estimates themselves. They show that a certain judge is getting his full pension. Why is his name in the estimates if he is not getting his pension? I did not put it in the estimates, and surely my right hon. friend the Prime Minister cannot blame me because this item is in the estimates. He had better blame somebody else instead of interjecting as he did. I will not stand for such treatment, and I tell him so right now.

Mr. RHODES: I had not the case in point brought to my attention heretofore, but I have been advised that in the case in question the pension is not being received, but that the pension is placed in the estimates in the event of the possible resignation of the

lieutenant-governor. But let us assume that my hon. friend's statement is correct and that this lieutenant-governor is in receipt of his pension as a retired judge. Under the statute he is entitled to that pension. I must submit that again my hon. friend from Antigonish-Guysborough is attempting to argue from the particular to the general. He cannot have the general policy as to whether we shall or shall not attempt to interfere with the salaries of lieutenant-governors determined by the question whether one particular lieutenant-governor is in a peculiar class. I submit that that is not a proper method of approach.

Mr. SANDERSON: Perhaps the government are to be commended to a certain extent for making a right-about face on this matter of exemptions from the ten per cent cut. During the debates that took place in committee on this ten per cent cut, it was pointed out by the Prime Minister and the Minister of Justice, and to some extent but not quite so forcibly, by the Minister of National Revenue, that it was impossible to include the judges in the ten per cent cut. I will be fair to the Minister of Justice and say that when he spoke in this house on March 6 last, as reported on page 831 of Hansard, he argued at length that the judiciary should be exempted from any cut in regard to salary, but before he sat down he said that perhaps a tax could be imposed. Apparently, Mr. Chairman, the government led by the right hon. the Prime Minister, were bound and determined a month ago that the judges should be exempt from the ten per cent cut as well as the army and navy officers and the Royal Canadian Mounted Police. But now they make a right-about turn, and they do not do it very gracefully. I see no reason why these positions should not have been included in the bill in the first place, but now the government is bringing them in, not by the front door, not even by the side door, but in a camouflaged way by the back door, by an additional ten per cent income tax. I do not altogether object to that. I stated before in this house, and I state again, that I have always been of the opinion that there should be no exemptions from this ten per cent cut —judges, army officers, naval officers and Royal Canadian Mounted Police—and I am still of that opinion. The government should never have attempted to make these exemptions. I should like to quote the remarks of the Prime Minister concerning the exemption of officers of the permanent force. Hansard contains his argument as to why those officers should not receive the ten per cent cut in their pay. At this point may I say I am not particular as to whether it is called a deduction or a tax. Hansard for April 6 of this year, at page 1776, contains the following statement by the right hon. gentleman:

> We come to the third of the three classes, the crown, the judiciaries and the forces of the crown. The men who come within this third class are under discipline—they cannot resign even if they so desire. They are not under an ordinary contract, they are enlisted men, and the government contracts that during the term of their enlistment they shall receive a given compensation. It is not a contract in the ordinary sense because the word "enlistment" is used rather than the word "contract." They cannot leave the service without being guilty of desertion and prosecution, and they cannot resign.

Those were the words of the Prime Minister, and with all due respect to him I say he was wrong in his facts in regard to contracts made with officers of the permanent force. I am about to quote from the attestation paper which every officer and man who enlists in the permanent force must sign. Questions appear on this paper to which answers must be given, and an affidavit has to be taken before a justice of the peace or a magistrate. Question No. 17 on this document is as follows:

> Are you willing to enlist or reengage under such conditions as to pay and service as may be authorized and laid down from time to time by the governor in council?

The answer to that question must be "Yes," or the applicant would not be taken on the force. I say that in the first place there was no reason why the officers of the permanent force should not have been included in the ten per cent cut. However the Prime Minister and the members of the government are at all times very loath to admit that they have erred in judgment. There is no doubt, however, that they did err in connection with the exemptions they allowed from the cut. Now, in a roundabout way they are introducing legislation to provide an additional ten per cent income tax. I am not familiar with enforcement of the law in connection with this imposed tax, and although I cannot make a definite statement, I think I can see where a good deal of litigation may arise from the imposition of the additional ten per cent income tax on salaries of judges, army officers and members of the Royal Canadian Mounted Police.

I do not know whether the Minister of Justice and his law officers have seen daylight enough to know that the proposed cut is legal. There is no doubt however that the proposed legislation is by no means direct, and may turn out to be a great expense to the government and the country. There was

never any satisfactory argument advanced by the government in regard to the exemption. Not one government follower, with the exception of three or four members of the cabinet, got up and defended the ten per cent cut, so far as exemptions were concerned. Hon. members across the floor say they were consulted in regard to the ten per cent reduction in indemnities. I do not agree with the hon. member for Antigonish-Guysborough in regard to the ten per cent cut in the salaries of civil servants, or the indemnities of members of the House of Commons and the Senate. I think, perhaps, owing to conditions throughout the country the cut was necessary. I do say however that once this government attempted class legislation and the exemption of certain classes such as judges, army officers and Royal Canadian Mounted Police they were playing a very dangerous game. This is no time for class legislation; there should have been no exemptions in the first place. Now, with no grace and not admitting that they erred in judgment, the government brings in the legislation which is before us.

To the Minister of Finance I pay the tribute that I never heard him defend the exemptions. He listened carefully to the remarks made by hon. members on this side of the house, and did not attempt to defend the government's attitude. On the other hand, the Minister of Justice attempted a defence, and at all times the Prime Minister on a high and mighty plane said that we must leave these gentlemen alone, and that their salaries must not be cut. Now, however, we find that legislation is brought in for an extra ten per cent income tax. The legislation we had before us earlier in the session was hasty, and discriminated in favour of certain classes. That is a bad thing for any government and any country.

Mr. GUTHRIE: Mr. Chairman, as I have been invited to make a statement in regard to one aspect of the measure, perhaps I should do it now. The hon. member for South Perth need not be at all alarmed as to any situation which may arise from the passage of the measure before us. On behalf of the officers of the Royal Canadian Mounted Police and I think also the officers of the militia and the navy, I am glad to say they have agreed to this measure. On their part there has been no inclination to escape their share of the burden to be borne under the proposed reduction of salaries. I am free to say there is not that uniformity of opinion among the judges, but a great many of them have expressed the view that judges should not be exempted, and that they should bear their portion of the burden.

There is a great distinction between a measure to reduce salaries and the present proposal to increase taxation by ten per cent in an effort to equalize the situation. On a former occasion I stated that in my view to reduce the salaries of judges would not be a proper procedure. I still hold that view. On the other hand I believe this parliament has the power to tax the salaries of judges, if it determines so to do. The measure now before us is merely to impose upon the salaries of army officers, naval officers, mounted police officers and judges a tax—not a reduction—but a tax which will equalize the situation as between them and other servants and officials of the government of Canada. I anticipate no difficulty whatever in working out the proposal as outlined in this resolution. So far as I can see the measure will produce no hardships, beyond those which would be felt in the ordinary course of events by the ten per cent reduction. I think the committee may be assured that the equalization sought will result satisfactorily.

Mr. MacINNIS: Mr. Chairman, I should like to ask the minister who are specifically excluded by the words, "other than enlisted men"?

Mr. RHODES: The tax applies to all the officers who hold commissions.

Mr. BROWN: I do not propose to offer any opposition to this resolution or to the bill to be based upon it, but a principle has been introduced that I think would be a far more interesting subject of discussion for the keen-minded lawyers of this house—the principle involved when a special group of people are singled out for a special tax. I think the government might as well have accepted the situation in the first bill and brought these classes under the ten per cent deduction, as now to single them out for a special tax. I should like to hear this principle defended by our legal friends.

Mr. NEILL: I endorse the remarks of the hon. member for Antigonish-Guysborough (Mr. Duff) as to lieutenant-governors, but with that exception I do not agree with him. I think the suggestion put forward by the minister in charge of this bill that the lieutenant-governors should not be asked to pay this ten per cent tax because they are direct representatives of the king is inappropriate. Were they paid out of the imperial treasury that

argument might obtain, but as it is we in Canada who pay the salaries, I do not see why it would not be in order for us to make this deduction. It would be in keeping with their own wishes, I should think, as they are nearly all wealthy men, and as there are very few of them their wishes might have been ascertained. They are almost the only people in Canada who enjoy the privilege of being exempted from income tax.

Some hon. MEMBERS: No.

Mr. NEILL: In British Columbia they are exempt.

Mr. BENNETT: That is a provincial tax.

Mr. NEILL: We will limit it only to the provinces then. It is admitted that only men of wealth can take those positions, and consequently exemption from income tax is a very substantial addition to their salaries. Having received that discrimination in their favour, I do not see why they should object to being put on the same plane as others. I think they should like to be treated the same as anyone else—I will go that far.

To come to this particular resolution, I think the minister did not quite catch the remark of the hon. member for Vancouver South (Mr. MacInnis). I think he wanted to know what was involved by the words "enlisted men"; who were exempted. Of course, those of us who have been in the army know that these words cover not only privates but all non-commissioned officers. Before I proceed, will the minister tell me why he exempted these enlisted men from this provision?

Mr. RHODES: The enlisted men are in a different position from the officers. They sign up for a specific time at a stated rate of pay, which is small, and they are not competent to resign.

Mr. NEILL: As the hon. member for South Perth (Mr. Sanderson) has stated, the claim that the men enlisted for a specific rate of pay during the currency of their enlistment—which I would certainly agree to being good law—is no longer tenable, because, as he stated, there is a question on the attestation paper, number 17, by which they specifically agree to enlist for such pay and allowance as may be authorized and allowed from time to time. I am advised that that was put in some six or seven years ago to meet just such a case as we have before us; and as enlistments are for only a three-year period, all enlisted men now in the service must have subscribed to that question number 17. Therefore by the terms of their enlistment they agreed to take such pay as was then current or might afterwards be arranged. They cannot resign, it is true, but at the end of every three years they have the opportunity of not reenlisting, and at any time they can buy themselves out for a moderate sum. I know that, because I did it myself. I am not objecting to these enlisted men being exempted because of the amount of their pay, which, as the minister says is not large. I am objecting to their being exempted because they are soldiers or enlisted men. It is an unsound principle. If he said, as he should say, in Bill No. 19, that all below a certain salary shall be exempt, I would be heartily with him. Let me compare two classes of men. I am not going into details unless they are asked for, but I have them here. I have worked it out that ordinary married soldiers get by way of pay and allowances well over $100 a month—as a matter of fact $111, but I may have overstated some of the allowances. In addition, they have the chance of promotion, which is very considerable, for the first step up means an increase in pay of something like 25 per cent and then it goes rapidly on from there. They also have the prospect of a pension to which they are not asked to contribute. That is a substantial increment. Compare the position of those men with that of a class that come more home to myself, the men who are working on government lighthouse tenders, government patrol boats, and lifeboats. They get $90 a month, from which is deducted ten per cent, leaving $81. Let me take a married man in this case also. A man working on one of these boats has to keep his wife and family on shore, so that he has to maintain a house and pay rent, and of course provide food and medical attendance for his wife. He gets no pension, and the prospect of promotion is so very small that it is negligible. He is taxed ten per cent, while any of these enlisted men, with these considerable advantages over this man, get well over $100 a month and are not taxed.

To illustrate my argument. Under section 5 of the bill the government have realized that it is not quite fair to tax the lowest paid employees ten per cent, and they have provided that as to those getting less than $1,200 a year, their contribution of five per cent under the superannuation act shall be paid by the government out of the consolidated revenue fund. So the government recognize that there is something that calls for help when men get less than $1,200 a year—a salary that one might describe as being wholly needful to

provide necessities rather than luxuries. This paying of their superannuation fees for them, works out just the same as if those getting $1,200 and under were not subject to more than a five per cent deduction in their salaries. Why, instead of putting in that complicated machinery the government has not said that those people getting $1,200 and less would be taxed only five per cent, I do not know, but that would be only fair and just. As a matter of fact, I would make the lower salaries totally exempt. But it is unjust, it is unfair, it is illogical that men on the boats, who are not eligible to pay to the superannuation fund and who get this miserable $90 a month, $25 of which goes to their mess, leaving them only $65 to maintain their families, should be subject to a deduction of ten per cent, while those men getting not more than $1,200 a year who happen to pay superannuation get off with a deduction of five per cent. If the soldiers come under the $1,200 category, and as they do not pay to the superannuation fund, then by all means exempt them only five per cent. Or better still, put them all on the same basis, and simply say: If a civil servant is getting less than $1,200 he will be subject to a deduction of only five per cent. Then there could be no complaint. As it is, I do not think it is right that these enlisted men who are secure in their positions, which are well paid as such positions go, and who have the prospect of promotion and the certainty of pension, should be exempt while men who are receiving less money and less in the way of privileges should have to pay ten per cent, as in the cases I have mentioned. Of course, this particular clause in Bill No. 19 has not yet come before us, and I can only hope that the government will see its way to amend it as I have indicated. Hon. ministers opposite, however, heard all the arguments that were made when the resolution was in committee and they have brought in the bill as it stands, so that it does not look as if they intend to change it. I submit that it is not fair; it is not just nor equitable as between these two classes I have mentioned, the soldier and the other man on the boats—men who have greater responsibilities and less privilege and who are taxed ten per cent.

Mr. RHODES: I do not propose to enter into a discussion with my hon. friend as to whether we should or should not change our point of view with respect to enlisted men. I would point out to him, however, that this particular provision of Bill No. 19 is not properly before us, and I do not wish him to think me discourteous in not referring to it. The hon. gentleman has a wrong conception of what we are attempting to do. He has the idea that we are using a roundabout and circuitous method of making the reduction of ten per cent and then paying five per cent towards superannuation.

Mr. NEILL: To a few.

Mr. RHODES: He says that we should have made a five per cent reduction in those cases. I will give him a practical illustration of how that would work out as between the man who gets superannuation and the man who does not. Take the man with a salary of $1,000; he has no superannuation. If we made a deduction of ten per cent he would get $900, and then if he had to pay five per cent superannuation that would mean that he would pay $50 more, so that he would be receiving $850 for this year; whereas the man not in receipt of superannuation who had a reduction of ten per cent would receive $900, and not having to pay five per cent he would be actually in receipt of $50 more than the other.

Mr. NEILL: But the other man gets value for it.

Mr. RHODES: Oh yes; I expected the hon. gentleman to reply at once, "Yes, but the other man has superannuation." That is quite true; but that will not buy him bread and butter this year. That is the point.

Mr. YOUNG: I support the hon. member for Comox-Alberni. I have letters from country postmasters who are receiving salaries of $10, $20, $30 and $40 a month, and they are subject to the ten per cent cut, while the man who receives $1,200 is subject to five per cent. But there is another matter to which I wish to call attention. This morning I received a letter from a postmaster who tells me that he gets a salary and allowance for rent, the two together amounting to $28 a month, and he has the ten per cent cut on both salary and rent. Is it the intention to apply the act in that way, or is this a clerical error?

Mr. RHODES: I respectfully suggest to my hon. friend that it might be better to ask that question when we are considering Bill No. 19.

Mr. YOUNG: All right.

Mr. RHODES: There is, in the bill which we have not yet reached, provision covering the point raised by the hon. gentleman. I

should appreciate it and it would be far better if the committee would consider the two separately.

Mr. SPEAKMAN: I am glad to hear that because I have received letters too—

Mr. CHEVRIER: Mr. Chairman—

The CHAIRMAN: The hon. member for Ottawa has the floor.

Mr. CHEVRIER: I do not intend to discuss this point at present, because I think the attitude of the minister is right—that the question of superannuation and retirement should stand until we reach Bill No. 19. But since the minister has answered or endeavoured to answer the hon. member for Comox-Alberni, may I put it this way. What is the difference between an employee who pays to the superannuation fund and whose salary is $1,200 and the employee who pays to the retirement fund and whose salary is $1,200? In the one case he is exempted to the extent of five per cent and in the other he is not.

Mr. RHODES: The hon. gentleman has himself suggested that the proper time to deal with that question is when we are considering Bill No. 19. I shall be happy to discuss the point then.

Mr. NEILL: The minister has not told me why he is exempting the enlisted men.

Mr. RHODES: I have nothing to add to what I said on the previous occasion.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 92, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

Mr. RHODES: If it would suit the purposes of the house I would move that the bill be read the second time and that we go into committee, so that we might advance it that stage. I would then move immediately that we report progress. It can be done only by unanimous consent.

Some hon. MEMBERS: Carried.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

Progress reported.

[Mr. Rhodes.]

THE PUBLIC SERVICE

DEDUCTION OF TEN PER CENT FROM INDEMNITIES AND SALARIES

The house resumed from Wednesday, April 6, consideration in committee of Bill No. 19, to provide for the deduction of compensation in the public service—Mr. Rhodes—Mr. LaVergne in the chair.

On section 2—Definitions.

Mr. MACKENZIE KING: Mr. Chairman, what is the necessity of dealing with this bill? As I understand it, the government has made a deduction from the salaries of the members of the public service for the last two months; the government seems to have had authority to do that, so what is the necessity for putting through a bill? If the government could make the desired deductions for two months, it could surely do so for twelve.

Mr. RHODES: My right hon. friend submitted a question on a previous occasion which involved the same objection.

Mr. MACKENZIE KING: Only one month was affected at that time.

Mr. RHODES: I can only repeat the reply which I made on that occasion, that inasmuch as the house by adopting the second reading of the bill had given effect to the principle, we felt that rather than cause inconvenience to members of the civil service by not giving cognizance to the provisions of this bill, it would be better to anticipate the power conferred by final passing of the bill.

The CHAIRMAN: Shall the section carry?

Mr. GARDINER: Upon the last occasion when this bill was before the committee, I moved an amendment to this section, and with the consent of the committee I should like to withdraw that amendment.

Mr. VALLANCE: I think the committee should know just what this amendment was.

The CHAIRMAN: The amendment read:

That clause (b), section 2, be amended by striking out the words "other than" in the 18th line and also by striking out the words "and includes" in the 23rd line and by inserting the words "and includes" after the word "Canada" in the 18th line.

Amendment withdrawn.

Section agreed to.

On section 3—Ten per cent deduction.

Mr. BROWN: I should like to revert to the question asked by the hon. member for Weyburn (Mr. Young) when we were discussing the other bill. I have a particular case in mind of an employee receiving $1,920 salary as well as being provided with a house in which to live. Another employee, doing the same work, receives $1,920 in salary and $300 as a living allowance. Will the ten per cent reduction apply to the $300 living allowance?

Mr. RHODES: The question would have to be determined as to whether or not that allowance is regarded as part of the salary paid. If it was decided that it was, then the allowance would be taxed. There are other cases where the allowances have not been so regarded, and those would not be taxable. There are also cases which might be termed borderline cases, and if the hon. gentleman will look at section 6 he will see that provision is made for the treasury board to deal with just such cases. As a member of that board, I can assure my hon. friend that it will be our endeavour to deal sympathetically with these cases and to avoid as many cases of injustice as is possible.

Mr. BROWN: I am giving the details of a particular case.

Mr. RHODES: The only answer which I can give to my hon. friend is the answer which I have given, namely, the decision must be made as to whether the allowance is or is not regarded as a portion of the salary.

Mr. YOUNG: In the case which I outlined a moment ago, will it be necessary to make an application to the treasury board for a decision?

Mr. RHODES: If that particular case comes within the classification where rents have been regarded as a portion of the compensation paid to the postmasters, then the amounts allowed for rent would be subject to deduction. The treasury board will act on those borderline cases where it is not clear as to whether or not the additional compensation is a portion of the salary.

Mr. YOUNG: The treasury board will act only when an application is made for a decision.

Mr. RHODES: The treasury board would act in individual cases where it was apparent hardships would accrue.

Mr. VENIOT: When attention had been drawn to the particular case.

Mr. BROWN: The case I have in mind is in the Department of Agriculture, so I assume the man involved would report to the minister?

Mr. RHODES: Quite so. I think the committee will appreciate that there will be a general principle applicable to a considerable number of cases, and that being so those cases will be brought within that principle. There will be individual cases which will not come within any one group or class, and those will be dealt with on their merits.

Mr. NEILL: Surely the minister can give a decision now to such an obvious question as that asked by the hon. member for Weyburn (Mr. Young)? The hon. member states that individual postmasters are being asked to pay ten per cent on the amounts paid for rentals of buildings.

Mr. RHODES: I do not think I can change my answer. The whole question will be as to whether or not such rentals have hitherto been regarded by the department as forming a portion of the salaries paid to the individuals in question. I would have to have the individual cases before me to find out what treatment had been meted out in that regard.

Mr. YOUNG: If it is salary, why is it called rent?

Mr. RHODES: There are numerous cases where allowances are made, which allowances are regarded as a portion of the compensation paid.

Mr. VENIOT: All applications for the position of caretaker of a public building state that free housing and free light are provided as well as the salary.

Mr. RHODES: In numerous cases the allowances paid are regarded as a portion of the compensation.

Mr. VENIOT: Yes.

Mr. BEAUBIEN: During the debate on the address in reply to the speech from the throne the Prime Minister (Mr. Bennett) read a letter which he had received from a lady civil servant stating how willing she was to accept this deduction. I should like to read a letter which I received from a postmistress of a small post office,—I will not give the lady's name—and ask the minister to give consideration to such classes. The letter reads:

My salary is only $16.58 per month and now the ten per cent taken will leave it at $14.92.

In these small communities, postmasters are really getting very little revenue while they are rendering a great service to the public,

because, after all, a post office in a small district renders valuable service, and these postmasters or postmistresses are accustomed, in order to accommodate the public, to give out mail at all hours. In many cases they are women who have no other means of support; I know of several of that class in my constituency. Surely the government does not think it fair and is not going to take the ten per cent from that class. I do not want to delay the measure, but I would ask the Minister of Finance, before this bill goes through, to give further consideration to those people. I know there are difficulties in connection with the deduction in the rent allowance, but I think the whole question should be considered and those people who are drawing very small remuneration for the service they are rendering should be exempt from any reduction.

Mr. SPEAKMAN: I want, just for a moment, to refer to the question of rental allowances. My reason for doing so is that so many hundreds come under this provision and the department should make a definite ruling covering all those people and not leave the question to one of individual cases. I have received many communications, not only from individual postmasters, but from officials of the provincial bodies, and their complaint is a very real one, because they already have had the deduction made in their remuneration, which falls under three different classes: the salaries which they receive; the rental allowance which is paid to them, and certain allowances out of which they pay for heating, lighting and assistance, all of which are subject to the ten per cent reduction. Some of them own their own quarters for which they receive rental allowances, but many of them are renting buildings for post office purposes, paying the rent and then being in receipt of a rental allowance to cover the amount in lieu of the government providing the necessary accommodation. They have already had the deduction made in the rental allowance, while they have not been able to obtain a reduction in the rent they have to pay; they are paying the same rent as before which in some cases equals and in many cases exceeds the amount they formerly received in the way of rental allowances. They are unable to reduce the cost of maintenance and upkeep, heating, lighting and the paying for assistance, but the ten per cent reduction has taken place in the allowance given to them for those purposes. I have examined into the matter with some care in some twenty or twenty-five cases and I have found the actual reduction amounts to over 20 per cent upon their salaries, because the reduction applies to the rental allowance, where they still had to pay the same rent, furnishing the other ten per cent out of their own pocket, out of their salary, and it applies to the heating, lighting, assistance and other things, the cost of which was not reduced in any way and where again they had to make up the difference out of their salary. The actual result, which I am sure was not the intention of the government, was, as I say, that the reduction in their salary amounted on the average to over 20 per cent.

As hundreds come under that class it is obvious that they should not be dealt with as individual cases, and after individual application on the part of those postmasters, but that the whole situation should be examined into and a definite rule laid down in respect of rental allowance, allowances made for maintenance and upkeep of building and for the provision of the assistance which is necessary. At the same time I may point out that they have already had those deductions made; they have already received their cheques minus that amount and they are complaining with, I think, some justice. A great deal of discrimination is involved. Let us take the case of the men who are working in a government-owned building. They receive no rent allowance; they pay no rent and of course they suffer no ten per cent reduction in that regard. Therefore there is a discrimination in their favour as against those who are renting a building owned by someone else or those who own their own building. There are these three classes, and the government might lay down a general rule in respect of each of them.

Mr. NEILL: Now.

Mr. SPEAKMAN: Yes. As the reduction has been made, where it has been made improperly, it should be reimbursed. If a definite ruling is made covering those three general classes, the minister will find that the number of individual cases to be dealt with as such will be very materially reduced, as there are many hundreds who would come under that ruling. It is obvious that so far there has been a great degree of unfairness.

Mr. RHODES: If my hon. friend will look at clause 6, as I have no doubt he has done, he will see by paragraph (b) the following provision that the treasury board may make regulations:

(b) determining in any case of doubt the amount to be treated as the amount of compensation of any member of the public service of Canada for the purposes of this act.

While I cannot speak for the treasury board, I would have no hesitancy in announcing now that in the cases of those postmasters who are given a rental allowance which involves their renting premises, that rental allowance would not be subject to deduction.

Mr. SPEAKMAN: It has been so far.

Mr. RHODES: If it has been, I am prepared to give an undertaking now that when the regulations are laid down by the treasury board, there will be a rebate in those cases. Furthermore, in devising these regulations, we shall do so to the best of our ability in an endeavour to see that no injustice arises and even where the rent allowance has been made in the case of premises which are owned and occupied by the postmasters themselves, we shall try to have a just regard for the equities of the situation. In the absence of regulations, because of course they cannot be laid down until the bill is passed, I cannot go further than that, but I hope I have made myself sufficiently clear.

Mr. NEILL: Hear! hear!

Mr. SPEAKMAN: I am well pleased with the minister's statement and I have no doubt the people concerned will be equally so. I brought the matter up now in reference to paragraph (b) of clause 6 simply from this point of view; it would seem under clause 6 it was the intention to consider individual cases and I was merely suggesting that that was not necessary. There are many of these cases that can be covered by definite regulations which would deal with a whole class, thus rendering it unnecessary to treat them individually. I am glad to receive the minister's assurance.

Mr. VALLANCE: When I rose at the same time as the hon. member for Red Deer, I desired to ask the same question of the minister. I also have received very extended communications from the Postmasters' Association, I suppose because of the fact that they appeared before the civil service committee. I have had interviews with their representatives and considerable correspondence since on this very question, and I can assure the minister that they will read his statement with a great deal of pleasure.

Mr. VENIOT: May I take a few moments of the time of the committee to deal with this question of rentals? So far as the post office is concerned, judging from the experience that I have had as the head of that department for a number of years, considerable complications arise in the matter of the rental allowed. For instance, there is the rental allowance paid to the postmaster, and based on revenue, where the post office is stationed in his own residence. Then there is the more important post office in the rural districts where the postmaster is allowed a certain allowance for a building outside when his own building is not a suitable place for the post office and where the allowance does not come up to the amount asked by the owner of the building. In such a case his allowance is supplemented by a vote from the Department of Public Works. What are you going to do in a case of that kind? Here you have an allowance to the postmaster based on the revenue from his office, and under the law and the regulations the Post Office Department cannot increase that allowance because it is based on revenue, but the Department of Public Works supplements that allowance with, say $50 annually. What are you going to do in such a case? My suggestion to the minister would be not to have the ten per cent deduction apply to any rental allowance except where, under the Civil Service Act, it is stated in the advertisement when vacancies are advertised that the allowance is to be taken as part of the salary. If that principle was adopted of not touching these rental allowances at all, I think that the minister would find that the deduction would be applied in a more equitable manner.

While I am on my feet, might I draw the attention of the minister to this other matter? In the Post Office Department there is what is called a forwarding allowance. That is to say, in a certain number of districts the mail from outside comes to a central office, and there it is re-sorted and distributed to the outlying small post offices, and the postmaster is allowed what is known as a forwarding allowance, which, of course, adds to his remuneration. I would suggest that the minister when dealing with the rental allowance might also deal with the forwarding allowance, and not have the ten per cent deduction apply to the forwarding allowance. These matters I think could be covered by the regulations. If the minister would make a note of this matter, it might be dealt with by the treasury board as they deem best.

The last time this bill was up I mentioned the case of those who are receiving their maximum salary for the class in which they are working, and who would be receiving a bonus of five per cent, if I might use that term, because the government is absorbing five per cent of the amount they contribute

to the superannuation fund. But there is also the case of those who have not reached their maximum, and who are reduced ten per cent and are also deprived of their statutory allowance for the year 1932-33. I think it would be unjust if they were not given something corresponding to the bonus received by those who have reached their maximum allowance. I would like the minister to take that into consideration. It applies, of course, to the whole service throughout the country, especially the inside service.

There is another question. I brought it up when the bill was up before and perhaps the minister would tell me something about it or it if will be taken into consideration. I refer to those who are contributing to the retirement fund, comprising about 550 or 575, instead of to the superannuation fund. They do not get the benefit of this bonus which those who are contributing to the superannuation fund get. As I understand it, and I think I am right, those who contribute to the retirement fund pay in five per cent of their salary and the government contributes nothing, whereas those contributing to the superannuation fund pay in five per cent of their salary and the government adds whatever is necessary to maintain the superannuation fund. The minister will see the discrimination between the two classes, that a bonus of five per cent is granted in the case of those contributing to the superannuation fund and nothing in the case of those contributing to the retirement fund. I leave those suggestions with the minister because I do not wish to delay the passage of the bill.

Mr. RHODES: I am grateful to my hon. friend from Gloucester not only for what he has said but for the reasonable manner in which he has said it. To answer his last suggestion first, there would appear to be an injustice between those who pay into the retirement as compared with those who pay into the superannuation fund, although it is perhaps not qnite so great as would appear at first blush, because in the case of the man who pays into the retirement fund he gets back that money as a matter of right, plus interest, whereas in the case of the man who pays into the superannuation fund, for the first ten years he pays in and does not get it back as a matter of right, and when he does get it back, he does not get it plus interest. Nevertheless, I have given very serious consideration to this matter and rather than have it appear that there is any injustice I may say to my hon. friend that I have already prepared and have under my hand an amendment which I propose to move at a later stage, when we come to the section in question, which will bring to those who pay into the retirement fund the same benefits as are provided in the bill for those who pay into the superannuation fund.

With respect to the other point raised by my hon. friend, as to the salary being paid by the Post Office Department and the rental allowance by the Public Works department—

Mr. VENIOT: Supplemented by the Public Works department.

Mr. RHODES: Quite so. I do not anticipate any difficulty because of the fact that there are two different departments contributing, as it were, to the remuneration of one individual because the regulations will be applicable to all departments of government, and will be so arranged I think as to take care of the case raised by my hon. friend.

Mr. VENIOT: What I am afraid of is that the ten per cent deduction might also be applied to the fifty dollars, or whatever it may be, which the Department of Public Works pays as a supplementary allowance, and I want to avoid that.

Mr. RHODES: I understand my hon. friend's point, and I think it might well be considered when the regulations are laid down.

Mr. CARMICHAEL: Mr. Chairman, I presume when regulations are laid down almost any case in doubt can be dealt with. Clause (2) of section 3 of the bill is as follows:

> The deduction at the rate aforesaid shall be made from the instalments of compensation as the same become payable.

The first subsection states that the deductions are to be made during the fiscal year ending March 31, 1933. I was not opposed to the ten per cent deduction; I favoured it, and was opposed to any exemptions. The question arises in my mind, however, that if we operate strictly within the interpretation of the language in the section the deductions can be made only within the prescribed time of one year on such amounts as are paid out during that year. Members of the House of Commons received for the months of February, March and April the sum of $1,740, without any deduction. The amount received for two of those months namely $1,140 would not be subject to a deduction, because the payments fall previous to the time specified in this bill. I realize that the objection can be overcome by regulations, and that a lump sum of $400 could be deducted at the end of the session. I doubt very much however if that is complying strictly with the language of the bill.

However that is not my chief point. It is quite likely that the 1933 session will commence and some payments will be made within the prescribed time of the one year's reduction. There has been some talk, in fact, that there may be a fall session. If such be the case and there should be payments made in October, November or December, and then again in January, February and March would such payments coming under the 1933 sessional indemnity be subject to the ten per cent deduction as outlined in this bill?

Mr. RHODES: I am pleased the hon. member for Kindersley has raised the question which I believe was considered previously in committee. The indemnities to the members of the House of Commons and the Senate are in an entirely different position from salaries to other persons. It is true that we can draw at the rate of $20 per day during the session, but if the session extends a period of fifty days, under statute the indemnity for that session is $4,000. It was our intention that the deduction should be made upon the indemnity for this session and this session only. That is to say, we intend that the members of the House of Commons and the Senate shall receive the sums of $3,600 by way of indemnity for this one session, and no more. I have before me an amendment which I will ask the Minister of National Revenue to move, and I believe it will clear the point beyond question. The amendment is as follows:

That section 3 be amended by adding the following as subsection (3): Notwithstanding the provisions of subsections (1) and (2) of this section the said deduction from the indemnity of members of the Senate and the House of Commons of Canada shall apply to such indemnity only for the session of parliament which commenced on the fourth day of February, one thousand nine hundred and thirty-two.

That would seem to answer the question of my hon. friend as to what might happen in the event of a fall session.

Mr. RYCKMAN: I move accordingly.

Mr. NEILL: I have an amendment to section 2, and I do not know whether it should come before the one moved by the minister.

The CHAIRMAN: Mr. Ryckman moves:

That section 3 of Bill No. 19 intituled "An act to provide for the reduction of compensation in the public service" be amended by adding the following as subsection (3):

(3) Notwithstanding the provisions of subsections (1) and (2) of this section the said deduction from the indemnity of members of the Senate and the House of Commons of Canada shall apply to such indemnity only for the session of parliament which commenced on the fourth day of February, one thousand nine hundred and thirty-two.

Mr. STEWART (Edmonton): Is not the duration of the legislation fixed in the bill? I understand it is to expire on March 31, 1933?

Mr. RHODES: Yes.

Mr. STEWART (Edmonton): Until the minister proposed the amendment it never occurred to me but that the legislation would apply to senators and members of the House of Commons as well as to civil servants. Would the fact that the session might be convened before the date of the expiry of the act have any effect upon sessional indemnity?

Mr. RHODES: No; if this amendment carries it would mean that unless there was fresh legislation there could be no deduction from the indemnities of members of the Senate and the House of Commons at subsequent sessions.

Mr. DUFF: If I read the amendment correctly it means that $400 will be deducted for the present session from the sessional indemnity of members of parliament. I contend that that is not right. In view of the fact that the session began on February 4 and about half of it took place during the months of February and March before this legislation came into effect, I submit that $400 cannot be deducted from the sessional indemnities of members of the House of Commons and the Senate. The legislation before us is for the fiscal year 1932-33. If parliament had assembled on April 1, then the minister would be quite right in deducting $400 from sessional indemnities. In view of the fact however that this house assembled on February 4, two months before the fiscal year 1932-33 commenced, I submit that this government cannot deduct the sum of $400 from the indemnity of members of the House of Commons or the Senate.

Let me carry my argument a little farther. During twenty-six days in the month of February members of the House of Commons attended their duties. There were thirty-one days in March and thirty days in April. For the sake of argument let us go to the end of May—and I hope we will not, because I hope prorogation may take place at the end of this week—

Mr. BEAUBIEN: Make your speech short then.

Mr. DUFF: I am trying to save money for my hon. friends from Toronto, and I think if they will allow me to continue I will save it.

In view of the fact that half of this session took place in the fiscal year 1931-32 the only amount that the government can deduct from the sessional indemnities of members of the House of Commons and the Senate is that proportion based on the number of days in February and March as compared with the number of days in April and May. I say neither the Minister of Finance nor the government can deduct the whole $400 from the indemnity for the session. I say to my hon. friends on this side—because probably they are holding up prorogation more than hon. members opposite—that every day we stay here we are losing $1.

Mr. RHODES: Is that all?

Mr. DUFF: Yes, $1 more; because I contend that under this legislation all the government can subtract from our indemnities is that proportion of the number of days in February and March as they relate to the number of days we spend in parliament after that time. In other words to make it a little clearer, and without getting down to exact amounts, we will suppose that we spend the months of February and March in the year 1931-32, and we spend two months of this session in the year 1932-33. Under those circumstances all that the members of the House of Commons and the Senate can lose is the sum of $200, not $400.

An hon. MEMBER: Right.

Mr. DUFF: I am glad some one agrees with me. This difference of $200, or whatever portion it may be, must be deducted if we assemble here either in the fall or next January or February. But all the government can deduct from members of parliament under this bill is that portion of the $400 as it relates to the number of days from February 4 to March 31 and from March 31 until we prorogue.

Mr. RHODES: In reply to my hon. friend from Antigonish-Guysborough, the government do not propose to do anything in this matter other than carry out the will of parliament. Now, if the House of Commons and the Senate in their wisdom see fit to pass this amendment, it will be perfectly competent during the present session for the deduction to be made to the extent of $400. With all deference to my hon. friend, I do not follow him in his argument; I do not think it makes the slightest difference because the session happens to run into two fiscal years. It is not a question of allocating payment of members of the House of Commons or of the Senate on a monthly basis. It is a question of indemnity for the session, and this amendment is very clear in its terms that the deduction is made for the session. So far as the legal point of view of my hon. friend goes, I would not attempt to argue any matters of law with him—

Mr. DUFF: Hear, hear.

Mr. RHODES: —because in many respects he is as good a lawyer as he is an admiral.

Some hon. MEMBERS: Oh, oh.

Mr. RHODES: I say that in a complimentary way.

Mr. DUFF: I take it as such.

Mr. RHODES: We know that there are what are called sea lawyers. My hon. friend is very much better than any sea lawyer. But I say to him in all seriousness that the law officers of the crown have no doubt as to the legality of the method under which we are proceeding, and if I may submit my own humble judgment, it is that there need be no difficulties nor worries along the lines indicated by my hon. friend.

Mr. DUFF: The Minister of Finance says this $400 is to be deducted for this session. If that is true, part of it should have been deducted before the fiscal year started on April 1. I can understand that that is why the minister has found it necessary to introduce this amendment. My argument is quite sound. Of course, as the minister says, parliament is supreme, and if it wants to enact legislation which is entirely contrary—let me see if I can get the proper legal terms—if parliament wishes to enact legislation which is retroactive, of course it can legalize the deduction of $400 from the small balance of our indemnity that is coming to us at the end of the session. But I do say that the government should not do this. If we are to pay $400, that amount should not be deducted from that portion of our indemnity in respect of that part of the session that came within the last fiscal year. There is no question that parliament will assemble before March 31, 1933, whether in special session next fall, or in regular session next January or February. I submit that legally and morally all that should be deducted should be from the balance which is due us after the first of April. For instance, we drew $560 in February and $620 in March—$1,180. That would leave a balance of $2,820. I contend—and my good friend the Minister of Finance is one of the best constitutional lawyers in the British Empire, and on the other side there is another

legal gentleman, the hon. member for Cumberland (Mr. Smith), one of the greatest lawyers in the maritime provinces, indeed, his fame has spread even to British Columbia, they must agree with me that from the legal standpoint I am correct. It is not fair, it is not right that we should be put on a different basis entirely from anybody else who is contributing or suffering this deduction; for that is what it amounts to when we are asked to pay $400 this fiscal year when fifty per cent of our work was done during the fiscal year 1931-32.

Mr. BEAUBIEN: It is a good point.

Mr. DUFF: It is a good point, and I am right. I submit that my hon. friend should not introduce this legislation just for the purpose of hitting at the poor members of the Senate and the House of Commons. Let us be put on the same basis as everybody else, let us take our proportional reduction this session, and next year—if we meet before the 31st of March—by all means deduct ten per cent from what is due us at that time. Of course, as the minister says, parliament can do this if it wants to, but for heaven's sake let my hon. friend from Digby-Annapolis (Mr. Short) and other Nova Scotians in the house stand up for what is right and proper. Don't let them sit there and accept any amendment the government brings in just to get a few hundred dollars from members of parliament.

Mr. SHORT: We want to help the government.

Mr. DUFF: It does not make any difference whether it is $400 or $4,000, if my hon. friend wants to help this government let him do it as the hon. member for Southeast Grey (Miss Macphail) did a few years ago, let him decline any indemnity.

Mr. SHORT: I might do that.

Mr. DUFF: I repeat, from both the legal and the moral standpoint all we should pay is a proportional part of the $400 on the indemnity that is due us from February 4 to March 31, plus the time we have served since then.

Mr. SHORT: Why not pay in a lump sum and be through with it.

Mr. RHODES: I know my hon. friend is speaking in all seriousness,—

Some hon. MEMBERS: Oh, oh.

Mr. RHODES: —but he is entirely mistaken in confusing yearly pay or monthly pay with the indemnity of a member of parliament. The indemnity is for the session. This amendment is submitted, not with any view to making it retroactive at all, but solely for the purpose of making clear the original intent, which was that the contribution for this one session should be $400. I cannot resist bringing to my hon. friend's attention what I am sure he has had brought to his notice on previous occasions, that if the painful necessity arises of taking two inches off a dog's tail, the operation will be much less painful if it is done by taking one cut rather than two.

Amendment agreed to.

Mr. NEILL: I desire to move the following amendment:

To insert after line 4 the words "receiving $1,200 or more per annum," and after the word "thereof" in line 5 the words "and if under $1,200 per annum, five per cent of the amount thereof."

The object is simply to put into one issue, so to speak, the question of reduction of salaries of $1,200 and under. The effect would be that all those in receipt of a salary of $1,200 and under would be subject to a deduction of five per cent only. It would clarify the situation and save disputes, some of which have already begun as between the superannuation fund and the various retirement funds. The minister has indicated that he has already had to propose an amendment to meet objection by one of the members sitting to my right. There are several of these retirement funds and in some cases they differ considerably as between one and another. There will be endless disputes as to the rights of individuals. I would also say, in answer to the minister, that these deductions for superannuation are not penalties exacted from the civil servant; he gets value in return. In every case the government pays a sum equivalent to what he has contributed, and the man on retirement, or his dependents on his death, will get the benefit. So that if a man out of his $1,000 spends $50 in contributions to the superannuation fund, it cannot be argued that he is being penalized because, as I have said, he is getting value. As the act reads to-day, with that later clause, No. 5, it discriminates against a class of persons drawing small salaries, who do not happen to be privileged to contribute to the fund. The minister cited the case of two men, both getting $1,000, one paying to the superannuation fund—and having a similar amount contributed by the government—the other not

paying into the fund at all, and he said that the effect would be that the man who did not have to contribute the $50 to the fund would have that much more to buy groceries with. That is a very subtle argument—

Mr. RHODES: It is the fact.

Mr. NEILL: —but the minister cannot possibly defend it. The answer is that the man who pays into the fund knows that the future of his wife and his family is provided for to that extent, while the man who is not allowed to contribute to the fund is conscious of that lack of protection against future events. There is always that Nemesis he must bear in mind. Out of his meagre salary he has to pay $80 or $100 for insurance, whereas the other man makes a deal with the government, who contributes fifty per cent of what he has to pay into the superannuation fund for similar protection. So that they are on a par. It does not matter what the man does with his $50, whether he contributes to a fund or buys insurance. The man who is not contributing to the fund is just as sensitive about the needs of his wife and family after his death and, as I say, unassisted insurance costs more so he has to take $80 or $100 and buy insurance. It cannot be argued that this is at all fair. I see the minister consulting the Minister of Justice, and he will no doubt rise to a point of order and say that I am affecting the revenues of the crown and therefore out of order. I put it to him, however, whether it is not fair that all should be treated alike. He has in the act admitted that some of those under $1,200 should pay only five per cent, and I submit that it should be made universal. If he thinks $1,200 too high, then he might make it $1,000; but let him treat all alike. Give them their money, deduct five per cent, and let them do as they please. The minister can rest assured that people who are receiving $85 and $90 a month are not going to spend that money on luxuries, but on necessities, and they should not be deducted ten per cent under any circumstances.

The CHAIRMAN: It has been moved by Mr. Neill that the section be amended by inserting after line 4 the words "receiving $1,200 or more per annum," and after the word "thereof" in line 5 the words "and under $1,200 per annum, five per cent of the amount thereof." I think the amendment is out of order under rule 552, inasmuch as it affects the revenue.

Mr. RHODES: I was going to raise that point of order. As a matter of procedure, the amendment is out of order because it affects the revenue. On its merits, while I do not mean to suggest that there is nothing in the contention of my hon. friend, I submit that the case which I cited has a very real point. It may not be a complete answer to the hon. gentleman's contention; nevertheless I do not think that the injustice is so great as he seems to think.

Mr. NEILL: Will the minister consider what I have said when he comes to section 5? I am not arguing the point of order, for he is probably correct. But the principle is there, and principles are bigger than points of order. The minister has half admitted the justice of my contention, and in his own soul he knows that it is not fair to deduct the ten per cent from the salary of these low paid men.

Section agreed to.

Section 4 agreed to.

On section 5—Basis of superannuation benefits not reduced.

Mr. RHODES: I move that this section be amended by inserting after the word act in the fourth line of subsection 1 the following words:

"or from the compensation of any officer, clerk or employee employed in a penitentiary who may be eligible on retirement to receive a gratuity or retiring allowance under the provisions of the Penitentiary Act."

And (2): By substituting the word "any" for the word "either" in the last line of the said subsection.

And (3): By inserting after the word "act" in the second line of subsection 2 of the said section the words: "or under the provisions of part II of the Civil Service Superannuation and Retirement Act."

His Excellency the Governor General has been informed of the subject matter of this amendment, has given his approval, and recommends it to the favourable consideration of the house.

Mr. STEWART (Edmonton): Will the minister explain the provisions of the amendment?

Mr. GUTHRIE: The Penitentiary Act provides that certain officials, guards and the like, on retirement from the service, are entitled to a gratuity based on the number of years' service and on their record in the penitentiary service. It is thought that this should not affect any possible amount that is paid them after years of service when they have earned that sum.

Mr. RHODES: This meets the point raised by the hon. member for Gloucester, and subsequently by the hon. member for Ottawa, with respect to the five per cent in the case of those who are under the retirement fund. The minister has already explained the effect in regard to penitentiaries.

Mr. CHEVRIER: On March 4, at page 824 of Hansard, the minister stated that there were 16,408 employees who received $1,200 a year or less. I asked him how many contributed to the superannuation fund and he replied:

Under the new Superannuation Act, 5,550; under the old Superannuation Act, 3,000; under the retirement fund, 550.

There must be some error in that, because as I understand it there is the present Superannuation Act, then there is the Retirement Act, and then there is the old superannuation fund, to which I suppose there are now about 550 contributors. I am delighted that the minister has seen fit to amend the bill to bring in those who pay under the retirement act. There was no reason why those classes should not enjoy the benefits of the five per cent being granted to those receiving less than $1,200 per year. There does not seem to be any reason why those who are still paying under the old fund and who by this time must be nearing retirement age should not also have the benefit of the five per cent when their salaries are less than $1,200. I submit that once the minister has opened the door in the case of the retirement act, it should be done in the case of those who are paying under the old system.

Mr. RHODES: I am rather surprised that my hon. friend, who is usually so well informed on civil service matters, is so seriously mistaken in his facts. As a matter of fact, instead of there being three thousand under the old superannuation act, there are but three, and those three have paid up their superannuation in full. Any amendment made to this act would not affect them in the slightest degree.

Mr. CHEVRIER: My understanding was that under the old fund there could not be that many because most of them would have spent more than thirty-five years in the service and would be now entitled to their seven-tenths. The mistake has occurred in the figures.

Mr. RHODES: I think the mistake did occur in the original issue of Hansard, but I corrected it the next day on the orders of the day. Perhaps my hon. friend did not see that correction.

Mr. CHEVRIER: I am quite satisfied that the amendments now proposed cover those coming under the retirement fund.

Mr. NEILL: On April 6 when this matter was under discussion, the hon. member for Kenora-Rainy River (Mr. Heenan) raised the question to which I referred a few moments ago in connection with one man receiving under $1,200 per year paying ten per cent, while another man paid only five per cent. As is reported on page 1771 of Hansard, the hon. member said:

Would the Prime Minister take into consideration the fairness of reducing the rate charged against those who are receiving less than $1,200.

The Prime Minister replied as follows:

As the statute reads, that would not be possible. As I have said, however, under section 6 it would be competent for the treasury board to determine what should be the true compensation against which the reduction should be made. That is the only answer I can give.

The Prime Minister was referring to the specific case raised by the hon. member for Kenora of some civil servants receiving under $1,200 per year having a ten per cent deduction while others had only a five per cent deduction. I think we are justified in assuming that he was referring to that particular case when he said that under section 6 it would be competent for the treasury board to determine what should be the true compensation against which the reduction should be levied. Are we entitled to infer that the treasury board could find that the true compensation would be such a sum which made allowance for payment into the superannuation fund or into something else, such as insurance, which might he held to be equivalent? It may not seem to be a strong case, but I should like to know if the minister shares the view expressed by the Prime Minister in connection with section 6?

Mr. RHODES: I have not the passage before me to which my hon. friend referred, but I do not think it would be competent for the treasury board to determine what was the compensation.

Mr. NEILL: Read the language.

Mr. RHODES: I do not think that that could be done under section 6. I remember the hon. member for Kenora raising the point of double deductions, but I do not think the treasury board would have power to act.

Mr. NEILL: If the minister will look at Hansard he will see it is a definite case of five per cent versus ten per cent.

Mr. RHODES: I saw the language used by the Prime Minister and I can only say that if the word "compensation" is taken from its context and used literally, then the Prime Minister was in error.

Mr. NEILL: He is never in error.

Mr. RHODES: I have no doubt that what he had in mind was that the treasury board could not fix the amount of compensation.

Mr. NEILL: Is there any gleam of hope for these men of whom I am talking?

Mr. RHODES: Yes, and there is a gleam of hope so far as any member of the public service is concerned. The treasury board will deal fairly with these matters, they will temper the wind to the shorn lamb.

Amendment agreed to.

Section as amended agreed to.

Section 6—Regulations by treasury board.

Mr. STEWART (Edmonton): I am rather glad to see that the treasury board is taking responsibility for the regulations, but I desire to mention a matter which affects the board very much. Last year the government saw fit in the interests of economy to grant an allowance of $2,000 per year to the speakers of both houses and ministers and others affected in lieu of private automobiles. While I may have some doubt as to the economy to be effected, I must say it is very helpful to see the ministers walking instead of riding in private automobiles. I am sure it will be good for their health and in these days the saving of $400 which will accrue will be very handy. But the speakers have suffered a deduction of $1,000 on their living allowances in addition to the general ten per cent reduction, and to this extent they are being discriminated against. Will the treasury board have authority under section 6 to deal with matters of this kind? I think it would be worth while looking into.

Mr. RHODES: When the item in the main estimates is up for discussion I shall be very pleased to discuss the saving which has accrued to the public treasury by the granting of an allowance to ministers rather than the employing of private cars. I think I will be able to demonstrate that the country is saving a very substantial sum of money as it is costing less than one-third of what it cost under the old system. However, although a minister may walk, members of his family do not and the bills for taxi hire are very substantial. I shall not go into this matter in detail as it has nothing to do with the present bill. The treasury board would have no discretion in such a matter. But it may be that there has been an improper proportion maintained as between the speaker of the house and the ministers. I shall not enter into that discussion here, but I may say to my hon. friend that these items are dealt with by a specific vote in the main estimates and that is where they ought to be discussed. Clause 6 of the bill would give the treasury board no discretion to deal with the matter in question.

Mr. STEWART (Edmonton): I am merely pointing out to my hon. friend that there is a discrimination as between the speakers and the ministers—

Mr. RHODES: That may be so.

Mr. STEWART (Edmonton): —and it applies under this bill. I am not going to enter into a discussion to-day about whether it is wise to have our ministers walking and taking the $2,000. I am simply drawing the attention of the minister to the fact that in the deduction there appears to be discrimination as between the ministers and the speakers.

Mr. VENIOT: I think there is also a discrimination against the deputy speaker on the same ground as that suggested by my hon. friend. The Minister of Finance and the hon. member for West Edmonton referred to the allowance of $2,000 in lieu of private automobiles, and the minister said that he would be glad to discuss it at a future date. If the session had not been so near an end, I would have been rather willing myself to accept the challenge.

Mr. RHODES: I did not wish to raise the point of order; that was not in my mind. It would open up a subject which should not be opened up.

Mr. SPENCER: I take this opportunity under clause 6 to draw to the attention of the Minister of Finance how unfair I consider this ten per cent cut must be to postmasters in country districts. I have had sent to me several complaints from country postmasters who are receiving small salaries and who will come under this ten per cent cut. Without unduly taking up the time of the committee, I should like to put the matter shortly before the minister. I have before me an instance where the postmaster is receiving the princely sum of $116.24 a month. After deducting a small amount for life insurance, another for an assistant whom he has to have because the trains come and go in the middle of the night, various amounts for rent, interest, heat and lighting, fire insurance and even a small sum for taxes, he has left $36.67 a month. He says that this sum will not meet living expenses, much less allow him to put by for his old age, and as he says.

You are aware we are not civil servants when it comes to a question of superannuation.

He reminds me that it is impossible to dispense with an assistant because the trains come and go in the middle of the night. Another postmaster from the same part of the country writes me as follows:

I am getting $91.32 salary now after being cut down 15 per cent in 1930 and a further cut of ten per cent in 1931 and if I get another ten per cent now it is going to be impossible to carry on.

I am paying $20 per month rent and about $15 for fuel, $4.80 for light and $51.52 hardly pays for food and clothes for our family of five.

I just wish to put before the minister cases which are typical of postmasters in small country towns, in order to show the heavy burden it will be with their small salaries to bear this ten per cent deduction.

Mr. RHODES: I have no doubt there are individual cases such as the ones brought to the attention of the committee by the hon. member for Battle River. The difficulty is, in applying a rule in general, to avoid some cases of hardship. I do not see any way in which it can be done.

Section agreed to.

Section 7 agreed to.

Preamble agreed to.

On the title.

Mr. MACKENZIE KING: May I draw the minister's attention to the title of the bill as it appears. It is called:

An act to provide for the reduction of compensation in the public service.

The word "deduction" is used throughout the bill and I think that word is intended.

Mr. RHODES: I quite agree with my hon. friend.

Mr. CAHAN: I think the leader of the opposition will agree that the mere substitution of "deduction" for "reduction" does not read very well. I think it should be "deduction from."

Mr. MACKENZIE KING: Yes. In the minds of some there appears a danger of this becoming a reduction in salary rather than just an amount deducted for this year.

Mr. RHODES: The word "deduction" is used in clause 5 and of course in the short title.

Mr. CAHAN: I move that the words "reduction of" be struck out and the words "deduction from" be substituted therefor.

Amendment agreed to.

Title as amended agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. RHODES: I would in the ordinary course like to proceed with order No. 16, that is the two insurance bills, but some hon. gentlemen, whom I do not now see in the chamber, would wish to be here and furthermore I should like the superintendent of insurance to be present when these bills are under discussion. That being so, I do not desire, until this evening, to proceed with these bills.

Mr. MACKENZIE KING: The Prime Minister spoke of proceeding with No. 20 in regard to radio broadcasting.

Mr. RHODES: I shall send for him.

Mr. SPENCER: The hon. member for Wetaskiwin (Mr. Irvine) and some other hon. members, wanted to discuss the insurance bills. The hon. member for Wetaskiwin will not be in the house until nine o'clock. Will it be convenient for the minister to delay consideration of the bills until that time?

Mr. RHODES: I am quite content not to proceed with them until he returns. He was one of those whom I had in mind. I did not know he would not be in the house until nine o'clock.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 93, to incorporate the W. S. Newton Company.—Mr. Kennedy (Winnipeg South Centre).

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: What is the next order?

Mr. RHODES: We could go on with supply.

Mr. MACKENZIE KING: I thought the resolution with regard to the radio commission was to come up to-day.

Mr. RHODES: The Prime Minister is not in at the moment.

An hon. MEMBER: He is coming now.

Mr. BENNETT: I am hardly ready to go on with the resolution with respect to the radio commission, as I am waiting for a certain piece of information. We will take it to-night.

SUPPLY

DEPARTMENT OF NATIONAL DEFENCE

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

Radio services—for the maintenance and operation of the Northwest Territories radio system, $167,000.

Mr. COOTE: I would like the minister to explain the reduction in this vote.

Hon. D. M. SUTHERLAND (Minister of National Defence): In this service the changes in personnel are costly. None will be made this year. In other years there has generally been a considerable amount spent for new buildings, but there will be no expenditures of that kind this year.

Mr. COOTE: So far as the actual radio service is concerned there will be no reduction?

Mr. SUTHERLAND: All the stations that we have had heretofore will be operated.

Item agreed to.

Adjustment of War Claims — National Defence—militia services, $82,000; naval services, $500.

Mr. VENIOT: This has nothing to do with the adjustment of claims of individuals for reparations, I presume.

Mr. SUTHERLAND: No, this item has to deal with deferred separation allowances and gratuities of members of the forces.

Item agreed to.

Naval service—to provide for the maintenance of the ships and establishments of the naval service, including the Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve, $2,462,000.

Mr. WOODSWORTH: I think we should have some explanation of the operations of our navy in the last few months. What do these ships do from month to month? Even since parliament assembled we had our navy interfering with activities in several foreign ports. What instructions are given to the navy? I should like the minister to explain this item.

Mr. SUTHERLAND: I do not know whether the hon. gentleman has a particular incident in mind. As to the general operations, training goes on both on the east coast and on the west coast, and in the winter months it is customary for the boats to proceed to warmer waters and carry on the training there. That is general with all navies. In the summer, of course, our ships are in our northern waters, on the west coast up around the island, and on the east coast they spend part of their time in the St. Lawrence.

Mr. WOODSWORTH: Is the purpose of these ships simply to afford some sort of training? I had the idea that they were really patrol boats of a sort. That was the impression given to us several years ago when the original expenditure was under review. Now it seems these boats have been transformed into training ships, that they carry on training in the warmer waters as well as around our own coasts. Are these training ships or patrol boats?

Mr. SUTHERLAND: Certainly they are training ships, and there was never anything else intended. There are four destroyers, and the destroyer is essentially a combatant boat, for offensive or defensive purposes as required. The training cannot be done in our northern waters in winter, and it is customary in all nations for the boats in winter time to go to warmer waters. Some of the British boats, for instance, go to the Mediterranean in winter, and the Atlantic squadron is around the West Indies. It costs no more to have our ships move into warmer waters than to have them stay here and train.

Mr. WOODSWORTH: What guns do these destroyers carry?

Mr. SUTHERLAND: They vary. The two new destroyers, the Skeena and the Saguenay, are armed with 4·5 guns, if my memory serves me. I can say that they are armed as strongly as any destroyers in the world. As the hon. member may know, the Saguenay and the Skeena are the last word in destroyers. They came into commission last year, having been under process of construction a couple of years before. The other two, namely the Vancouver and the Champlain, are older boats, dating from the war period. The armament on them is not as heavy as on the other two. However, we have four very capable boats.

Item agreed to.

Topographic survey, $20,000.

Mr. COOTE: I should like to ask a question concerning this item. Were any of the royal air force men engaged last year on the topographic survey work?

Mr. SUTHERLAND: I cannot be absolutely sure about that. The air force work in connection with that vote would possibly consist in the taking and development of pictures. The actual pay for the air men would not come under this vote.

Mr. COOTE: Will the minister be able to make use of any of the air force men, particularly the married men, who were to be laid off on May 1? I do not know whether they were all discharged at that time or not. I think on one occasion he made the statement that there might be a possibility of using or making provision for some of them.

Mr. SUTHERLAND: That does not come under this vote, and I should prefer to take it up when we are discussing the item for aviation.

Mr. SPENCER: How has it been possible to cut $25,000 from this item? Other years we have been told that a reduction could not be considered. What surveys are being dispensed with?

Mr. SUTHERLAND: A certain number of professors at the Royal Military College and some civilian professors have been affected by the ten per cent cut. Then, there is a reduction in incidental and contingent expenses. The reduced amount however will not affect the efficiency of the school.

Mr. NEILL: Are we not over-voting these sums? Have we not already passed a portion of these votes?

Mr. SUTHERLAND: No. Up until to-day only item No. 87 had been passed.

Mr. NEILL: But from time to time we have voted interim supply?

Mr. SUTHERLAND: I think two-twelfths have been voted.

Mr. NEILL: We are now voting the full sum. The minister will find himself in the tower if he is not careful.

Mr. BENNETT: The resolution provides for it.

Mr. NEILL: We had better go back to the other votes.

Mr. BENNETT: The others are the same; they are covered by the resolution.

Item agreed to.

Permanent force, $4,844,000.

Mr. WOODSWORTH: I should like to make a few remarks with regard to this item, especially in view of the Disarmament conference now being held at Geneva. I am well aware of the fact that Canada has no very large armaments, and for that we ought to be thankful. At the same time, we do maintain a certain force, and at least once a year I think we ought to stop to consider whether or not we are in line with the developments which some day may possibly carry the world away from armaments.

I think once before this year I drew attention to a statement made by the Minister of Justice at a session of the Assembly of the League of Nations held at Geneva on September 9 of last year. He said:

> The armaments of Canada are practically negligible. We maintain only such military, naval and air forces as are necessary for the maintenance of law and order within our own border. Canada has no need for greater armaments.

For some years past some of us have been maintaining that it was not necessary to have an armed force to repel invasion. We have been inclined to say that the armed force in Canada existed for the sake of keeping down any disorder which might arise within our own borders. When we made that statement it was hotly challenged, and the reply was made that our armed force did not exist for that purpose, but that we had armaments as an insurance against war. Now we find that in the course of a very admirable speech at Geneva, to which I had the privilege of listening, and which created a very good impression, so far as the attitude of Canada toward militarism was concerned, the Minister of Justice, who led the delegation, said very definitely that our naval, military and air forces are no larger than are necessary to keep order within our own borders. I think it is most serious if we have to spend these millions of dollars simply to keep our own Canadians in order. It is most unfortunate if the definite statement has to be made that we have such unrest in Canada that it is necessary to have the warships—which, we have been told by the minister are very efficient—to keep our own people in order.

A few days ago I read in a Vancouver paper that one of our cruisers came from Victoria to the docks at Vancouver in order to be present on May day in case of emergency. To my mind that is a serious reflection upon our country and our administration. The same applies to the army. Some of us have protested against the extension of our mounted police force, because in reality I understand it is a military unit. I think it was the Prime Minister who stated the other day that there was no military drill, no bayonet drill or riot squad drill such as had been described by Regina papers. I am absolutely at a loss to know why such an item should appear in the newspapers, and why there should be put into the mouth of the officer in charge the statement which appeared in the press.

Mr. BENNETT: I did not discuss the Regina situation at all; it was the Ottawa situation I dealt with.

Mr. WOODSWORTH: Oh, I understood—

Mr. BENNETT: It must have been some other member; it was not I.

Mr. WOODSWORTH: I thought the Prime Minister was dealing with the Regina situation.

Mr. BENNETT: No, I dealt with the one in Ottawa.

Mr. WOODSWORTH: Then I am mistaken in the matter. Someone else made the statement—possibly it was the Minister of Justice—that there was no riot squad or riot drill. I am very glad to learn that the Royal Canadian Mounted police are not engaged in bayonet drill. Undoubtedly however we have other forces engaged in bayonet drill, which are ready at any time to repress disorders in Canada. I know it is necessary to maintain peace, order and good government in this country; otherwise civilized life would become impossible. I protest however that this is not the way to bring about peace, order and good government. We have what might be termed a law-abiding people. I cannot very well conceive of an exhibition of greater patience than has been shown by our people during this last year or two in the face of very great hardships. I think it is an insult to them to have it said at Geneva—although it was said perhaps with the very good purpose of trying to show how small our armament was and how much we were in favour of general world peace—I submit it is no less than an insult to say that we spend millions of dollars a year in order to keep up a force to maintain order in this country. I would urge that instead of these large amounts being spent in this way on military equipment and the maintenance of a military force, we spend a little bit more in helping our people in this time of stress. It is not merely the labour people whom I have been trying to represent specially in this house, but tens of thousands of other citizens who cannot understand why this government should go on adopting these repressive measures and failing to introduce constructive measures to relieve the prevailing distress. I think I am fair in asking the minister responsible: Was the Minister of Justice correct in stating—perhaps that is an awkward question to put, and I do not intend it in any nasty way—

The CHAIRMAN: It is six o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF FINANCE

Salaries, including appointment of Miss M. Guthrie, B.A., as a secretary to executive, at $1,980, $412,542; contingencies, $38,000 inspector general of banks—salaries and contingencies, $23,340.

[Mr. Woodsworth.]

Mr. WOODSWORTH: Even a number of our banks are now feeling the necessity of having trained economists on their staff. Is there any thought at all that the Dominion government will some time have a man regularly equipped for the purpose as adviser to the Finance department?

Mr. RHODES: I can only say that from the knowledge and experience I have acquired in the limited time I have been in the department I think the country is extremely well served in the character and ability of the permanent officials of the Department of Finance with whom I have come in contact. They are men singularly well informed and unusually devoted to their duties. They are there on all occasions, putting in long hours without reference to either clock or calendar. They are always on service, and I must say that I take delight in this opportunity of paying tribute to the quality of their service and the spirit in which they serve.

Mr. WOODSWORTH: What I had in mind was a little different from what the minister seems to have in his mind. I am not in any way suggesting that the employees of the Finance department are not faithful and capable men. What I do suggest is that we are faced with a very difficult situation to-day. Everyone recognizes that a great many of the older methods of conducting public finance are not altogether suitable to the present needs. Anyone who has kept at all in touch with the discussions which have been going on in England in the last few years, or with those that have been going on between bankers on the continent or at Geneva, must recognize that a great many governmental people are alive to the need for very close study of the entire economic situation. I take it that the very fact that the men in the department are working long hours and are quite efficient in dealing with the ordinary routine business explains why they are precluded from giving that study which somebody ought to give to the larger economic affairs of the country. My thought was that if even a bank finds it necessary, or at any rate advisable, to have at least one economist on its staff, it might be well that the Finance department of this country should undertake to engage at least one trained economist on its staff who could devote himself to a study of the general economic situation as it exists to-day, and to a study also of some of the proposals which are put forward from time to time for the improvement of conditions. In this house we have taken up the question of inflation as a possible method of correcting

some of the evils with which we are faced at the present time, and from time to time there has been a suggestion that we ought to stabilize our currency. I do not know that we have anyone in the department who is able to devote himself to a study of this kind of thing. If we are to develop into the position where at some time we shall have a central bank, and if we are not only going to carry out a system of rediscounting but going into open market transactions, it seems to me it would be very essential to have somebody who would be able to advise as to possible extensions for modifications of the Finance Act with respect to the best means by which we could possibly adopt a system of central banking. It is only a year from now until the Bank Act comes up in due course for revision, and I have no doubt a great many proposals will be made then. It seems to me, therefore, that instead of waiting for pressure from outside, it would be a good thing for the department to engage its own experts. If we cannot obtain them in Canada, let us go elsewhere; but I suggest that the department should have experts who would be able to devote special attention to the new needs which are arising at the present time.

Mr. RHODES: If we got into the realm of banking, finance, currency and that sort of thing, it would be difficult for one to place one's finger on any particular individual who would be regarded as expert, to the exclusion of others. As a matter of fact, there are as many different points of view as there are individuals who make a study of the subject. Without minimizing the suggestion offered by my hon. friend, may I say to him that if it transpires, in the judgment of the government, that the staff of the Department of Finance, as it at present exists, requires enlargement, so far as I am concerned, I shall be one of the first to give heed to what he has said.

Mr. WOODSWORTH: The minister will understand, I think, that if there is some difficulty in obtaining from the realm of experts men who would be able to advise, it is much more difficult, surely, for the minister, however capable he may be, to bring to the task that specialized knowledge which I suggest is necessary.

Mr. RHODES: There is no one more ready than the minister himself to admit very freely his limitation in all the spheres to which the hon. gentleman refers.

Mr. SANDERSON: I take it we are dealing with item 7 on page 8 of the estimates, which covers salaries and contingencies of the department of the inspector general of banks. I notice that there is a decrease of $6,600 in this item, and I should like to know how this decrease is made up and just what the duties are of the inspector general of banks and his officials.

Mr. RHODES: I would refer my hon. friend to section 56 of the Bank Act, which outlines fully the duties of the inspector general of banks.

Mr. SANDERSON: That does not give me very much information. Surely the minister can tell me in a few words just what are the duties of this official.

Mr. RHODES: Subsection 8 of section 56 reads as follows:—

> The inspector, from time to time, but not less frequently than once in each calendar year, shall make or cause to be made, such examination and inquiry into the affairs or business of each bank as he may deem to be necessary or expedient, and for such purposes take charge of the premises of the assets of the bank or any portion thereof, if the need should arise, for the purpose of satisfying himself that the provisions of this act having reference to the safety of the creditors and shareholders of each bank are being duly observed and that the bank is in a sound financial condition, and at the conclusion of each such examination and inquiry shall report thereon to the minister.

Mr. SANDERSON: How often are the head offices of the banks visited?

Mr. RHODES: Visits are made as provided for by the act, not less than once a year, but the inspector general keeps in close contact with the banks; the frequency of his visits would be dependent upon the condition prevailing in any particular bank. Some banks might require more careful consideration than others. The frequency of inspection is governed entirely by the circumstances.

Mr. SANDERSON: During the last calendar year has the inspector general visited the head offices of all the banks in Canada?

Mr. RHODES: Yes.

Mr. SANDERSON: And he has made a report to the Minister of Finance?

Mr. RHODES: Yes, he has complied with the act in every particular.

Mr. SANDERSON: Has the inspector general visited the head offices of the banks of Canada more than once during the last year?

Mr. RHODES: That is a question which I cannot answer offhand with any accuracy. I think I can safely say that the inspector general

has visited the head offices of the banks in his inspectorial capacity to the fullest extent as required by the act. I know he is keeping in very close touch with the situation with respect to every one of the chartered banks of Canada.

Mr. SANDERSON: I take it that the Minister of Finance during the short time he has been in office is satisfied with the inspection made by this official and his staff?

Mr. RHODES: My answer would be in the affirmative, with the reservation that it is based upon the knowledge I have been able to glean during the limited time I have been at the head of the department. I do not wish my latter statement to minimize in the slightest my fullest confidence in the character of the inspection and of the inspector general himself.

Mr. SANDERSON: I may say I am entirely satisfied with the answer of the minister, but he has not answered my question as to how the reduction in the item is made up.

Mr. RHODES: The major portion of the reduction is due to salary deduction, and partly to the fact that an over-estimation had been made of the expenses normally required.

Mr. SANDERSON: Is the major portion due to the ten per cent cut?

Mr. RHODES: In round figures, the amount of the salary deduction is $1,600, and the balance is made up by an over-estimation of the expenses required for the office.

Mr. SANDERSON: The difference between $6,600, the amount of the reduction, and $1,600, the amount of the ten per cent cut, is $5,000. My only object in drawing this matter to the attention of the committee is to point out that in this time of stress and strain the morale of the people would not be helped by a reduction in the staff of this department. I am quite sure the committee would be willing that this staff should be maintained, or increased if necessary.

Mr. RHODES: I am quite in accord with the views expressed by the hon. member for South Perth. I think this department should be the last place in which to practise economy, if to do so would mean an impairment of its efficiency. However, I may say to my hon. friend that we have been governed entirely by the judgment of the inspector general, and I am satisfied that there will be no impairment of efficiency.

Mr. REID: Why has the interest rate on currency issued to banks been reduced from four and a half per cent to three per cent?

Mr. RHODES: It was reduced for a time, but it has since been increased. The reduction was made for several reasons, one being to conform to the discount rate in force in London and New York. The reduction had a more particular reference to the fact that at the time of the launching of the national service loan we wanted to make it as easy as possible for the banks to accommodate customers who were subscribers to the loan.

Item agreed to.

Miscellaneous—grant to the Montreal Association for the Blind, $4,500.

Mr. WOODSWORTH: I do not want to object to the grant in this case, but I should like to urge upon the minister that the government take some definite action with regard to providing more adequately for the blind. This is for one group. I am thinking of the larger problem which we have in Canada. The blind have petitioned again and again that they be given some sort of pension; that their special disability be recognized and that they be put on a basis where they can depend upon drawing a regular amount. I believe Manitoba has agreed to assume its share if pensions for the blind are put upon the same basis as old age pensions, and it would seem reasonable there should be an extension along this line. We have recognized in the case of the burnt-out men that they had special claims and I think, on the whole, there is no other class of people who receive greater sympathy from the public generally than the blind who are so helpless.

Mr. RHODES: I am sure we all feel sympathetic towards the blind, and I know there is not a single hon. member who would not wish to lean backward in his endeavour to make their lot easier in this life, if that were possible. So far we have been dealing with old age pensions in agreement with the provinces. I hope the time is not far removed when we shall be able to take on the burden entirely as a federal matter, and at that time, or before if the opportunity should present itself, I may say I shall be glad to give sympathetic consideration to the suggestion made by my hon. friend.

Item agreed to.

To provide for expenses of the comptroller of the treasury's office; also, when approved by treasury board, on the recommendation of the comptroller of the treasury, for unforeseen expenses and emergency expenditures in connection with the public service, a detailed list of such treasury board approvals to be laid before parliament within fifteen days of the next session, $300,000.

Mr. COOTE: Would the minister explain the amount that is asked for under this appropriation?

Mr. RHODES: The hon. member will recall that we have introduced a new practice and that now we have a comptroller of the treasury. The new Consolidated Revenue and Audit Act provides, amongst other things, a system of centralized expenditure and commitment control under the jurisdiction of the comptroller of the treasury. This act came into force on April 1 last, and now all expenses in accounting offices are accountable to the comptroller of the treasury.

Mr. BROWN: Does this mean an increase in the accounting work, or is it offset by a saving?

Mr. RHODES: I cannot give my hon. friend the exact figures, but I am satisfied that the work of the comptroller of the treasury will, in the course of a year, save two or three times over the total cost of the vote for his office, not only in efficiency and more accurate control, but in various other ways. This new system will be very much to the advantage of the public treasury.

Mr. STEWART (Edmonton): Is it the intention to move all the accounting officials from the various departments?

Mr. RHODES: They have all been transferred and are under the control of the Department of Finance.

Mr. STEWART (Edmonton): Have they actually been taken out of the various departments and placed under the comptroller of the treasury?

Mr. RHODES: No.

Mr. STEWART (Edmonton): Is the intention to have that done?

Mr. RHODES: As the circumstances require. They are all under the comptroller of the treasury, although many of them are, for the time being, remaining in their several departments; but the organization itself is now centralized directly under the comptroller of the treasury.

Mr. POULIOT: I suppose the fact that all the accounting is centralized will facilitate answers to questions?

Mr. RHODES: I think, on the whole, we have shown remarkable efficiency in answering questions and responding to returns this year.

Mr. POULIOT: Yes, especially this year.

Mr. RHODES: In the history of parliament, there has been nothing comparable in number and volume with the answers and returns which have been required in the last two years, and I may say that the hon. member for Témiscouata has not been over-modest in this regard.

Mr. COOTE: Are we to understand that this appropriation is largely to pay salaries under the comptroller of the treasury?

Mr. RHODES: Largely for salaries. For example, last year we had in the main estimates an item amounting to $80,000 for unforeseen expenses; in the supplementary estimates, an item of $25,000 for administration of the Consolidated Revenue Act, and another item of $25,000, unforeseen expenses, further amount required. Then there were numerous items taken out of unforeseen expenses and emergency expenditures in different years. Those will all be lumped together in this one item for the comptroller of the treasury.

Mr. STEWART (Edmonton): I am heartily in sympathy with the move, but is it not a fact that there is still a number of accountancy officers in various departments and paid out of the civil government votes for those departments?

Mr. RHODES: As I informed my hon. friend a moment ago, many of these officers are physically in the several departments, although they are now under the control of the comptroller of the treasury. Many of them will be paid from the civil government votes for the several departments this year, but at the end of this fiscal year all these civil votes will appear under the vote for the comptroller of the treasury.

Mr. STEWART (Edmonton): That is just the information I was seeking. I was under the impression that a large number of these officers were still paid out of the civil government votes of the several departments in which they are stationed. But after this year all these officers will be paid out of this vote?

Mr. RHODES: Yes.

Mr. COOTE: I should like to put two or three questions to the minister with reference to the national service loan. Was it sold to investment houses, and if so, at what price? What commission was given to them for handling it?

Mr. RHODES: The national service loan was handled by a voluntary committee located in Montreal, under the chairmanship of Sir Charles Gordon, president of the Bank of Montreal. Their services were entirely

voluntary and no salaries were paid, not even expenses for that matter. The loan was sold only to the individual subscribers. There was no sale other than to those who purchased the bonds.

Mr. COOTE: I should like to know whether the government got the same price as the public paid. There is usually commission paid to somebody for floating these loans, and I was anxious to know at what price the loan was sold to the public and what rate the government got.

Mr. RHODES: The banks and recognized dealers received a commission of three-quarters of one per cent. That covered the whole cost of their services.

Mr. SANDERSON: What did the total cost of that commission amount to, computed at three-quarters of one per cent?

Mr. RHODES: I will give my hon. friend the exact figures:

Commission to the banks, $979,638.21; commission to the dealers, $819,468.50; cost of the bonds, $72,964.08; express, $24,962.73; interim certificates, $12,594.40; insurance, $75.74; office contingencies, $25; plates, $13,378.64; postage, $1,716.24; printing and stationery, $13,012.85; publicity, $80,077.96; salaries, $14,204.66; sundries, $36.85; telephone, $211.14; travelling expenses, $807.17.—Total, $2,033,174.17.

Mr. SANDERSON: The commission paid to the banks was $900,000 odd, and to the dealers $800,000 odd. Is that right?

Mr. RHODES: Yes. The commission was in proportion to the amount they respectively sold.

Mr. SANDERSON: And the commission totalled $1,700,000 odd?

Mr. RHODES: It totalled $1,799,000 odd.

Mr. COOTE: What was the total of the bonds sold and the net amount which the government received?

Mr. RHODES: $221,198,200.

Mr. STEWART (Edmonton): Is $80,000 all that was spent on advertising by the government and by the committee?

Mr. RHODES: That is all we paid for. The banks and the bond dealers bore their expenses out of their commission.

Mr. SPENCER: I take it that the small committee were the only people who gave their services—nobody else?

Mr. RHODES: Quite so.

Mr. COOTE: Will the minister be good enough to tell me the amount of the bonds actually sold, that is the face value of the bonds, and the net amount received by the government? The minister stated that the total of the national service loan was $221,000,000 odd. Was that the face value of the bonds or the net amount received by the government?

Mr. RHODES: I am sorry I have not the computation before me, but if my hon. friend will subtract $2,033,174.17 from $221,198,200 he will have the amount of money that came to the treasury.

Mr. COOTE: $221,000,000 odd is the amount of the bonds sold?

Mr. RHODES: Yes, less the commissions I have mentioned.

Mr. SPENCER: Did the bond dealers and banks have exactly the same opportunities for selling these bonds?

Mr. RHODES: So far as I know, yes.

Mr. SPENCER: And the same commission?

Mr. RHODES: Precisely.

Mr. SPENCER: No special list for either the bond dealers or the banks?

Mr. RHODES: No, they had equal opportunity.

Mr. COOTE: Would it not be possible to get from the department a statement of the bond dealers that received this commission of $819,000 odd?

Mr. RHODES: Yes. I shall be very glad to get that information for my hon. friend as soon as I possibly can.

Mr. SANDERSON: Would the minister also get the commissions paid to the different banks?

Mr. RHODES: Quite so. My recollection is that those figures have been published, but that does not make any difference. I will see that my hon. friend from Macleod and my hon. friend from South Perth get the information they desire.

Mr. COOTE: I appreciate the action of the Finance minister in giving us this information. I did not know that his estimates were coming up at eight o'clock and I was a few minutes late in coming in. Would he be willing to give us a little information in regard to the gold withdrawals which took place last year between September 21 and October 19, when the order in council was issued prohibiting the export of gold, and also state what measures were taken to preserve our gold supply during that time?

Mr. RHODES: Certainly. If my hon. friend will be good enough to send me a note I shall endeavour to give him that information to-morrow.

Mr. COOTE: This is information which the public has expressed a desire to have. If the minister would give us that information to-night, I would appreciate it.

Mr. RHODES: I cannot possibly do that.

Mr. COOTE: If the minister is not in a position to do it—

Mr. RHODES: I cannot possibly do it to-night, but as soon as I reach my office to-morrow I shall try to get it.

Item agreed to.

To provide for the administration of the Royal Canadian Mint, including salaries, contingencies, retiring and other allowances, and general expenses, $182,400.

Mr. MACKENZIE KING: Will the minister please explain the increase?

Mr. VENIOT: Would the minister agree to let item 247 stand?

Mr. RHODES: Certainly.

Mr. VENIOT: There is a resolution on the order paper under which this subject might be discussed.

Mr. RHODES: Certainly.

Item stands.

To provide for salaries and expenses of the tariff board. Payments may be made notwithstanding anything in the Civil Service Act or regulations thereunder, $120,000.

Mr. YOUNG: Is this a revote?

Mr. MACKENZIE KING: What is that board?

Mr. RHODES: I hope ere long my right hon. friend will see the board in operation.

Mr. MACKENZIE KING: Can the minister tell us exactly why the board has not been appointed up to the present time?

Mr. RHODES: That is a very difficult question to answer in specific terms. I am exceedingly anxious, however, that the board be set up at an early date.

Mr. MACKENZIE KING: There is nothing left for it to do now.

Mr. RHODES: Oh yes, there is.

Mr. STEWART (Edmonton): I can see no need for the board, especially in view of the system of the present government in regard to tariffs. They make tariffs overnight, and no tariff board is necessary.

Mr. RHODES: I should think my hon. friends would be most anxious to have the board set up, so that it may help them to steady the government, and prevent it from doing any more mischief.

Mr. STEWART (Edmonton): I should be only too glad to have it, if that end could be accomplished.

Mr. MACKENZIE KING: I understand the board has power to deal with only such matters as the government may refer to it. That is my recollection of the legislation.

Mr. RHODES: I cannot say, offhand.

Mr. MACKENZIE KING: I believe the minister will find that to be correct.

Mr. COOTE: Will the government make use of the tariff board before bringing down any further increases in the tariff?

Mr. RHODES: I should not like to commit the government categorically to an undertaking of that character. I am sure the government will utilize the services of the board to the fullest possible extent, compatible with public service.

Mr. BROWN: I am wondering if the ten per cent reduction will apply to the salaries of the tariff board appointees?

Mr. RHODES: Mr. Chairman, we have not any salaries with which to deal, so far. I do not wish to argue upon hypothetical questions, because I find it difficult enough to answer the real ones.

Mr. MACKENZIE KING: Is there any possibility of this board being appointed bebore the Imperial economic conference?

Mr. RHODES: I would say, yes.

Mr. MACKENZIE KING: A possibility?

Mr. RHODES: Yes.

Mr. MACKENZIE KING: A probability?

Mr. RHODES: I think so—but that is as far as I can say.

Mr. MACKENZIE KING: A certainty?

Mr. RHODES: I would not say that. I would not say definitely that there is a probability.

Item agreed to.

Loan to harbour commissioners of Montreal with interest at a rate to be fixed by the governor in council, for such period and upon such terms and conditions as the governor in council may determine, and to be applied in payment of deficits resulting from the operations of the Montreal harbour bridge, $528,500.

Mr. VENIOT: I should like to ask a question which may come under the Department of Marine. Has the harbour commission for the port of Saint John made application this year for authority to go on with further work? Perhaps I had better leave the question until a later time.

Mr. RHODES: I am afraid I cannot give my hon. friend an accurate answer.

Mr. VENIOT: All right.

Mr. RHODES: My hon. friend knows that the vote which was provided by parliament last year, following the disastrous fire, was very substantial. Speaking from memory my impression is that a great part of that vote is still unused. At the moment I know of no application from the harbour board which has not been dealt with. I believe my hon. friend would do well to ask that question of the Minister of Marine.

Mr. WOODSWORTH: There are deficits resulting from the operation of the Montreal harbour bridge. We have known of the enormous amounts that the bridge has cost, over and above the original estimate. I think it is common knowledge that things are in a very unsatisfactory condition generally. I should like to ask the minister if the government has considered the desirability of having some sort of commission or committee investigate this whole affair before continuing to loan large sums of money to the Montreal harbour commissioners. I do not wish more boards of inquiry travelling around the country than are necessary, but this is a matter which ought to be straightened out, and it might very well have been done at this session. I would urge that the minister take into consideration the necessity of cleaning up the whole matter and letting the public know at least something about where their money has gone in the last few years.

Mr. RHODES: The question whether or not there ought to be a royal commission of investigation into the affairs of the Montreal harbour bridge is one entirely apart from the question whether or not we should meet our statutory obligations. In conjunction with the province of Quebec and the city of Montreal in proportion to their share of commitments, we must comply with the act of parliament providing for any deficiences which may arise between receipts and expenditures, as a result of the guarantee of securities in respect of that undertaking. As my hon. friend knows, we have already been called upon, by reason of our guarantee, to make good the deficit, as have also the province of Quebec and the city of Montreal. The direct question whether there will or will not be a commission of inquiry is one which at the moment I am not in a position to answer.

Mr. GARDINER: Would the minister be good enough to give the information as to the various items which go to make up this item?

Mr. RHODES: Certainly. This appropriation is for the amount which it is estimated the revenue of the Montreal harbour bridge will fall short of the interest payable up to and including November 1, 1932. As my hon. friend knows that is on an issue of some $19,000,000 of harbour commissioners' bonds guaranteed by the dominion, and issued for the capital cost of the bridge. The estimate is made up as follows: The annual interest on $19,000,000 dominion guaranteed five per cent bonds is $950,000, less current cash, $18,600. Surplus, operating revenues over operating expenses, $245,400; contributions from province and city under agreement, $300,000, making a total of $564,000, which deducted from the sum first mentioned leaves $386,000. Then we must add the estimated cost of exchange on the $950,000 interest payable in New York. This estimate has been made up on a fifteen per cent basis. This of course can be only a computation. We cannot tell from day to day or week to week what the premium may be upon funds in New York.

Mr. STEWART (Edmonton): How much will it amount to?

Mr. RHODES: It will be $142,500, but to the extent that is enlarged or diminished, to that extent will it be greater or smaller.

Mr. STEWART (Edmonton): So if exchange were at par you would actually have a deduction of about $145,000?

Mr. RHODES: Yes; at par the figure would be $386,000.

Mr. STEWART (Edmonton): Does that mean the bridge at the moment falls short of earning operating expenses and interest to the extent of nearly $900,000?

Mr. RHODES: No. The operating revenue over operating expenses is $245,400. If the hon. gentleman will subtract that figure he will get the deficit, because, as he has recalled, $300,000 of this is made up of contributions by the province of Quebec and the city of Montreal by virtue of their guarantees.

Mr. STEWART (Edmonton): Then the deficit is between $600,000 and $700,000, with the city and the province contributing?

Mr. RHODES: In round figures.

Mr. STEWART (Edmonton): So far as the actual deficit after applying the surplus over operation and maintenance is concerned, you say it is $900,000?

Mr. RHODES: I have just told my hon. friend that the fixed charges amount to $950,000. That is not taking into consideration the question of premium upon American funds. The actual operating revenue in excess of operating expenses at the moment is $245,400. If he will just subtract one from the other he will find the answer to his question.

Mr. GARDINER: How much of this $300,000 are the province and the city contributing; and what is the amount of their respective guarantees?

Mr. RHODES: The province of Quebec and the city of Montreal are each obligated to the extent of payment of interest amounting to $150,000 a year. The guarantee of the dominion is for the excess.

Mr. COOTE: Is all the amount asked for here?

Mr. RHODES: As the Prime Minister points out, we cannot escape our guarantee. In other words, if the province and the city fail to implement their respective guarantees, we would be obligated for the whole; but inasmuch as the province and the city are meeting their obligations, we pay the excess.

Mr. COOTE: Is it expected to take $528,000 to pay our share of the guarantee?

Mr. RHODES: Our share of the guarantee at the moment, according to our estimate, is $386,000, but the excess making the figure $528,000 arises out of the premium on New York funds. That is all over and above the amount of the guarantees provided by the province and the city.

Mr. GARDINER: What are the respective contributions by the province, the city and the dominion? And what will be the percentage of any losses to be borne by them respectively?

Mr. RHODES: Under the agreement entered into by the commissioners with the province of Quebec and the city of Montreal, the province and the city have each agreed to pay one-third of the annual deficit up to $450,000 for forty years; that is a maximum of $300,000 a year.

Mr. SPENCER: If the deficit was greater than $300,000 they would not pay more than one-third of their maximum commitment?

Mr. RHODES: Quite so.

Mr. COOTE: What was the estimated cost in the first place, and what the actual capital cost?

Mr. RHODES: The capital cost of the bridge to December 31st, 1931, was $18,639,263. I do not know what figure was stated as being the estimated cost so far as this parliament is concerned, because I was not here and have not refreshed my mind on the point. However, I find that in the preamble of the legislation passed by the Quebec legislature in 1926, in virtue of which the province gave its guarantee, the estimated cost of construction was given as $10,000,000.

Mr. COOTE: What is the exact amount of the bonds outstanding on account of this bridge; is it the same as the capital cost?

Mr. RHODES: It is $19,000,000.

Mr. COOTE: And the rate of interest?

Mr. RHODES: Five per cent, payable half yearly.

Mr. COOTE: Were the bonds sold at par?

Mr. RHODES: I have not that information before me, but I am advised that not only did they sell at par; a portion of the last issue sold at a small premium.

Mr. GARDINER: What was the total contribution by the dominion to the cost of the bridge?

Mr. RHODES: There is no contribution at all towards the cost of the bridge, only the guarantee. Has my hon. friend in mind how much money we have paid in virtue of our guarantee?

Mr. GARDINER: What is the total amount that we will be obligated for by virtue of our guarantee?

Mr. RHODES: We are obligated upon the whole issue of $19,000,000.

Mr. GARDINER: What is the total for the guarantees by the province and the city?

Mr. RHODES: The city of Montreal and the province of Quebec have agreed to guarantee the interest so far as there may be a deficit in earnings to the maximum amount of $300,000 per year.

Mr. GARDINER: Some weeks ago I put certain questions on the order paper, and these were passed as orders for returns. I do not wish to ask the minister to hold this item up until such time as that information is tabled, but I should like to get it at the earliest pos-

sible date. I would support the suggestion of the member for Winnipeg North Centre that a very thorough investigation be made into the whole question of this excess expenditure. I think this information is due to the house and to the country.

Mr. RHODES: The delay in responding to the orders for returns is due entirely to the circumstance that we are dependent upon the harbour commissioners of Montreal, from whom we must expect the information to be able to give a satisfactory response to the motion made by my hon. friend. I am sure the Minister of Marine will only be too happy to endeavour to have the harbour commission expedite the forwarding of the information. I do not desire to press this item; if my hon. friend wishes it to stand I am quite content, but I understand that the information I am giving him now is correct as to why the return has not been tabled.

Mr. GARDINER: Who audits the accounts of the harbour commission?

Mr. RHODES: The books of the Montreal harbour commission are audited by their own auditors. Of course, we have a right to send in our auditors to check up the accounts of the commission.

Mr. GARDINER: When the legislation dealing with the Montreal and other harbour commissioners was being put through the former Minister of Finance informed the house that the audit board had jurisdiction to audit their accounts. Has the board made any investigation into the accounts of the Montreal harbour commission?

Mr. RHODES: I am informed that the board, some two years ago, made an audit of the accounts of the Montreal harbour commission at the instance of the then Minister of Finance. So far as I know, there has been no government audit since that time. I may add that an audit has since been made by Price, Waterhouse & Company.

Mr. GARDINER: Is any information available to the house regarding the results of any audit, either by the audit board or by Price, Waterhouse & Company?

Mr. RHODES: I am not personally familiar with the matter to the extent of being able to give my hon. friend information of my own knowledge, but as I understand it, the audit of Price, Waterhouse & Company disclosed that the accounts were in order. There are audits and audits, but so far as the accounts themselves were concerned, the audit in question disclosed that they were in order. I have no doubt that a copy of the report could be obtained for the hon. gentleman.

Mr. GARDINER: Is that all the information the minister can give—that the accounts were in order?

Mr. RHODES: That is all I can give at the moment, because I have not seen either the accounts or the report itself.

Mr. GARDINER: Has it ever been determined why there was such a tremendous increase in the cost of the bridge in comparison with the estimates?

Mr. RHODES: I have no knowledge of the matter, either officially or personally. It has been intimated to me that the bridge was made considerably heavier and the amount of metal that went into it was greater than contemplated when the original estimates were prepared. I only pass on that limited amount of information for what it is worth.

Mr. GARDINER: What is the attitude of the government towards this question? Has the government made a real effort to discover why the bridge cost so much more than was originally expected?

Mr. BENNETT: I was Minister of Finance during the period to which the hon. gentleman refers. Price, Waterhouse & Company were asked to make a report, which they did, and it indicates that from the books of the commission it was apparent that the vouchers were there for the expenditures that had been made, not in detail, but for the purpose of enabling them to certify that sums had been expended as received. That is as far as it went. As to why the structure cost the additional sum beyond the original estimate, there is no definite information before this house, and, frankly, I can see great difficulties in obtaining it in detail. It is not difficult to obtain this information, for instance, that the inspection cost several hundred thousand dollars. One of the inspectors was a gentleman who resided in Chicago and who visited the property twice; the voucher was there for the money he received. That is what I mean when I say that the report was vindicated.

Mr. GARDINER: I have this last question. Will the government make an effort to inquire into this matter?—because it is really a question that should be looked into, and the reasons should be made known if reasons can be found.

Mr. BENNETT: With respect to that, two gentlemen who could contribute largely to information in that regard are dead, if not a third. That fact has been apparent for some time. There is, however, shall I say, a possibility of information being obtained as to why, in one branch of the work, so much more money was spent than anticipated. But even in that regard I cannot speak with any degree of certainty. I received the report—I was in the Finance department—and it is in the hands of the Marine department, to which it is addressed, the Minister of Marine being the minister responsible for the commission. But nothing short of an inquiry that goes far beyond the question of the mere production of vouchers for debits and credits would in any sense answer the question asked by the hon. gentleman, and certainly it is not a matter that could be easily answered affirmatively or negatively at the present time.

Mr. WOODSWORTH: I do not like to press the question I asked a little while ago, before the Prime Minister came in, but I do urge that in view of the tremendous amounts involved and the heavy burden on the people of Canada, we have some right to have a further inquiry into this matter. I cannot quite think that in a matter of this kind our knowledge must be entirely dependent upon one or two men who may be dead. It seems to me that if a proper inquiry were instituted, information could be obtained. Rather than the Dominion government and the people of Canada having to carry this enormous burden, which apparently we shall have to shoulder from now on, it seems to me that we have a right to have the situation cleared up. I would point out to the Prime Minister that there is a good deal of feeling throughout the country with regard to this matter, and since there have been a large number of other investigations, it is considered very generally that this matter ought to be investigated. The present government is in a good position to carry out the investigation.

Mr. BENNETT: Possibly the hon. gentleman would say that I would not be loath to conduct an investigation. But one does not desire to conduct investigations merely for the purpose of mud-slinging if it serves no useful public purpose. Now this is the fact. The Dominion has guaranteed interest on $19,000,000 worth of bonds and payment of their principal, and these securities are held largely in the United States of America. The coupons are presented in New York every six months for payment. Practically the whole of them come in, as the hon. gentleman can readily understand, through New York offices, the principal and interest being both payable in United States funds. Whether we like it or not, that interest must be met every six months, because a default in that regard is a default of this country whose guarantee is endorsed upon the coupons of the bonds. The operating revenue of the bridge should increase with the increasing growth of Montreal, and it is also not improbable that by reason of the provision for a tramway to cross the bridge there will be some added revenue. At the present moment a bus service operates on the bridge and it is intended to extend the tramway. As I understand it, that is the position at the moment.

The explanation given for the increased cost is twofold. First, the acquisition of large blocks of real estate for the approaches to the structure was made at a greater cost than was anticipated and, second, it was necessary to use heavier steel than was anticipated. I understand that the weight of metal absorbed in the construction of this bridge was several hundred tons more than was originally estimated.

An hon. MEMBER: Hundreds of thousands.

Mr. BENNETT: I understood it was hundreds of thousands of pounds or thousands of tons. The costs of fabrication, of inspection and legal expenses were much greater than was at first expected.

If my memory serves me correctly, the last bonds were not sold until 1930, and the price obtained was over par; they had been deposited as security and then they were sold with the guarantee of this country at a time when bonds were commanding very excellent prices. I say frankly to the hon. gentleman that if, as and when there is any likelihood of the exact causes of the greatly increased price becoming known by any reasonable investigation, that investigation will be made. However, it must be realized that this is a most difficult thing to do, especially when there are produced vouchers for weights of metal and explanations are forthcoming as to why the cost per pound was greater than anticipated. A special make of steel was needed in the construction of the heavy members of the bridge. All this information is contained in the report made by Price, Waterhouse & Company, who stated that beyond that they, as auditors, could not go.

Mr. COOTE: Has the minister an auditor's statement to show that this is the correct amount of the deficit on the operation of the bridge and, if so, who were the auditors?

Mr. RHODES: I am sorry I have not that information at hand, but I shall be glad to obtain it for my hon. friend.

Mr. COOTE: Does not the minister think that he should have an auditor's statement before he advances this money? We should be sure that we are not paying any more than we are called upon to pay by the terms of the guarantee.

Mr. RHODES: I agree that it is incumbent upon the Department of Finance to make sure that the accounts are correct before payment is made.

Mr. BENNETT: I may say to the hon. member for Macleod that when payments are made the coupons are actually taken over by the government to form part of the assets which we hold for some future occasion, they constitute a charge against the undertaking.

Mr. COOTE: The point I was presenting to the minister was that we should ascertain the actual deficit on the bridge.

Mr. BENNETT: That is done by the harbour commission.

Mr. STEWART (Edmonton): If I remember correctly, an estimate was made of the expected traffic across the bridge, and it strikes me that $245,000 is not much below what should be expected at this stage in the history of the structure. If I remember correctly the estimate for 1932 was $500,000, and that was why the city of Montreal and the province of Quebec came forward with their guarantees.

Mr. RHODES: The estimate made before construction was that the annual revenue from the bridge would be $250,000.

Mr. STEWART (Edmonton): That was for the first year, but it should increase.

Mr. RHODES: That called for a contribution from the city of Montreal of $116,666, and a like contribution from the province of Quebec and from the commission itself. As my hon. friend knows, the commission has not been able to implement its guarantee.

Mr. STEWART (Edmonton): It is only natural that there should be a considerable diminution in the traffic, as there has been in all projects of this character.

Mr. CAHAN: The approaches to the bridge on the other side of the river from Montreal are a provincial work. Their construction has been delayed in such a manner that the traffic which ordinarily would be expected to use the bridge has not found it convenient to do so.

Mr. STEWART (Edmonton): That was my information.

Mr. RHODES: I have no information before me which would answer the question asked by the hon. member for West Edmonton.

Mr. STEWART (Edmonton): If I remember correctly, it was expected that in 1932 the bridge would earn something like $500,000 in tolls. Last year it earned $245,000 but, as my hon. friend has pointed out, more traffic would have used the bridge had it been in position to receive it.

Mr. SPENCER: I do not think the figures given by the minister are quite satisfactory to the committee. When the Prime Minister was leader of the opposition I remember his drawing the attention of the house to the vast amount of money spent on this bridge. I understand the first estimate was that it would cost some $6,000,000, and the amount eventually rose to $19,000,000. When the Prime Minister first took over his present office he again drew the attention of the house to this extraordinary expenditure, and I was in hopes that an investigation of some sort would be made into this matter. It seems to me that the reasons given for not holding an investigation are not as satisfactory as they should be. It has been said that three men who might have given some information with regard to this bridge have died, but that does not seem to me to be a good reason why we should not be able to find out where this great expenditure has gone. The Department of Finance has the right to send in auditors to check up, and this information should be available for the benefit of the committee. The Prime Minister has said that a special steel was needed for this bridge, but surely any engineer capable of being put in charge of a huge undertaking like this should have known the kind of steel that would be required, before the first estimates were made. Such an engineer might have been forgiven for being out a million or two, but there is no excuse for an increase from $6,000,000 to $19,000,000. Even if everything is above board, surely those who have made such huge mistakes and have cost the country so much should be penalized for their bad judgment.

Mr. BENNETT: I omitted to mention that a considerable sum was absorbed in interest during construction. Shortly after this government came into power we asked Price, Waterhouse & Company to make a report. I think it is in the office of the Minister of Marine. I believe we can get it and lay it on the table. It will show anyway how the sum of $19,000,000 was reached.

Mr. SPENCER: No doubt the Prime Minister has looked over that report. I should like to ask him if, in the light of his own great ability, he is satisfied, from reading the report, with the way in which the money was spent.

Mr. BENNETT: I am not satisfied that $19,000,000 should have been spent for a structure that was estimated to cost $6,000,000, and I have endeavoured in years past to secure what I conceived to be an adequate explanation. I have no adequate explanation. I answer the hon. gentleman's question just as he asked it, and as frankly as he asked it.

Mr. SPENCER: Is the Prime Minister satisfied to let the matter rest there, or does he intend to try to find out more?

Mr. BENNETT: He has already said what he is trying to do.

Mr. MITCHELL: In the $19,000,000, what was the relative amount spent on real estate and that spent on the bridge itself? Was the contract let on the cost plus basis of the construction?

Mr. BENNETT: As to the first question. I would not trust my memory to give the answer. The document which I shall endeavour to have brought down will give that.

Mr. MITCHELL: Can the right hon. gentleman give the approximate cost?

Mr. BENNETT: I do not care to trust my memory. The auditors' report will show exactly what was spent for real estate and the cost of the bridge. On the second point, the commissioners themselves acquired the real estate, but they let a contract for the construction of the metal.

Mr. RHODES: I have the details covering some thirty or more items which go to make up the cost of $18,639,000. I do not know whether the committee desires that I should read them or not, but if necessary I shall do so.

Mr. MITCHELL: What we are entitled to is an idea of the original estimate, the cost of the real estate and of the building of the bridge. Then we would be able to compare that with the amount expended on real estate and on the bridge in the $19,000,000.

Mr. RHODES: As I have already stated, I have no record of the original estimate. The figure named in the preamble to the Quebec act was $10,000,000. What the figure was which was stated in the house, I cannot say.

Mr. BENNETT: Hansard says $6,000,000.

Mr. STEWART (Edmonton): The sum of $6,000,000 was not the estimated cost of the bridge, but the amount which the government was committed to originally in the guarantee.

Mr. BENNETT: Mr. Meighen asked how much the bridge would cost, and the hon. member for Richelieu said "six million."

Mr. STEWART (Edmonton): I do not know how he could have mentioned that amount. There is no need to send for Hansard. There is no doubt that the bridge was to cost $10,000,000.

Mr. BENNETT: Quebec put it at $10,000,000.

Mr. CAHAN: I know something about the bridge. As a representative of a Montreal constituency, I have taken considerable interest in the matter. The bridge as constructed is entirely different, so far as its proportions, supports and expenditures are concerned, from the one originally contemplated. The pillars upon which the bridge rests are very much larger and more expensive, and the steel in it runs to hundreds, even thousands of tons more than originally planned. I have been told that the cost of the steel alone was between $2,000,000 and $3,000,000 beyond what was first contemplated. I took the trouble to ask the auditors—I suppose I had no right to do so—with regard to the audit and they said that there was not a single expenditure for which the voucher was missing in the audit. Every voucher was there, showing in the aggregate the cost of the bridge as reported. If you wish an investigation, it is not one by auditors, because everything is in order to satisfy the most careful audit possible. The question is whether some of those expenditures in connection with real estate and otherwise, were simulated or not, if I may use that term, but I have made personal inquiry, not as a member of government, and I have not so far found the slightest fact which would indicate that such is the case.

Mr. GARDINER: The statement of the Secretary of State opens up a new question altogether in so far as this bridge is concerned. His statement is to the effect that the present bridge is not to be compared with what was estimated when the legislation passed this house. He states that the piers upon which the bridge is built are much heavier and more expensive than was contemplated when the legislation passed the House of Commons and the agreement was entered into. He also states that the steel in the bridge is much greater in tonnage than the estimate. It

appears to me that somebody must have been responsible for increasing the cost of the bridge. Has the government any information as to who was responsible for changing the whole structure of the bridge so that it cost $19,000,000 when, according to the hon. member for Battle River and the Prime Minister, it was estimated to cost $6,000,000?

Mr. CAHAN: It is perfectly obvious that the harbour commissioners of Montreal were responsible, subject to the oversight, such as it was, of the then Minister of Marine.

Mr. SPENCER: Did they get the consent of the then Minister of Marine?

Mr. CAHAN: I do not know the secrets of the former government, but in any case, I have no access now to the approvals given by the former Minister of Marine. But the cost of that bridge is fully vouched for. I am giving the best information I can obtain, although it is not official. I am speaking as a member of this house; as Secretary of State I have nothing to do with the bridge or the expenditures on it; but as a representative of a Montreal division, I am interested in the matter. I have made inquiries and I have no doubt that the entire expenditure is properly vouched for. Further, it is undoubted that more stable and expensive abutments than originally contemplated were put into the bridge. I am also quite satisfied every bit of that expenditure was approved by the harbour commissioners of Montreal. I would infer that the larger expenditures, when contemplated, were approved in due course by the then Minister of Marine having oversight and supervision of that.

Mr. GARDINER: Has the Secretary of State looked up the legislation which gave the harbour commission permission to build this bridge, to find out whether the then Minister of Marine had the right to increase the expenditure over the estimate to the extent done without coming to parliament? Has the Secretary of State any information in that regard?

Mr. CAHAN: At one time I was familiar with that legislation, but I have not looked into it recently and I will not trust to memory for the purpose of discussing it to-night.

Mr. BENNETT: Chapter 58 of the statutes of 1924 cover the point which the hon. gentleman is raising. Section 1 reads:

Subsection 2 of section 22 of the Montreal Harbour Commissioners Act, 1894, as amended by section 5 of chapter 24 of the statutes of 1909, is further amended by adding the following paragraph thereto:—

[Mr. Gardiner.]

"(6) (a) Build, own, maintain, manage, operate and use a bridge for general traffic including tramways across the river St. Lawrence from a point in the city of Montreal to a point on the south shore of the said river to be determined by the corporation, with all necessary or useful appurtenances or accessories."

Paragraph (b) covers the right of entry. Paragraph (c) covers the right of expropriation. Paragraph (d) refers to the right of crossings. Paragraph (e) deals with streets, highways, etc., in the absence of an agreement, the matter to be settled by the Board of Railway Commissioners. Paragraphs (f) and (g) read:

(f) The plans of such bridge shall be submitted to and approved by the governor in council before beginning the construction thereof.

(g) The corporation may, subject to the approval of the governor in council, charge and recover tolls for the use of or passage on such bridge.

Then paragraph (h) permits the corporation to receive grants and donations or grants in aid. Then paragraph (i) reads:

The corporation may, for the above purposes, and from time to time, borrow money or issue and sell or pledge bonds for such amounts, at such rate of interest and on such terms and conditions as it may determine, and it may secure such bonds or loans by a mortgage or hypothec on the said bridge and by a charge on the tolls and revenues thereof.

Section 2 reads as follows:

Any such loans or bonds shall as to form, terms and amount be subject to the approval of the governor in council, and the said securities or bonds may in whole or in part as to principal, interest or both be guaranteed by His Majesty. Any such gurantee may be in such form and on such terms and conditions as the governor in council may determine, and may be signed by the Minister or Acting Minister of Finance on behalf of His Majesty.

I think that answers the questions the hon. gentleman asked.

Mr. VENIOT: Under the first estimate it was not contemplated that a tramway would cross the bridge.

Mr. BENNETT: Oh yes. I will get the Hansard.

Mr. MITCHELL: Who were the Montreal harbour commissioners in 1924?

Mr. RHODES: I have no record before me indicating who the commissioners were at that time.

Mr. MITCHELL: Perhaps the deputy minister may have a record of it.

Mr. RHODES: No, my hon. friend will appreciate that as Minister of Finance my duty is prescribed by the statute, and I am

conforming to it. I did not contemplate that I would be called upon as Minister of Finance to furnish all the information which has been sought to-night—not that I am complaining that it has been sought.

Mr. SPENCER: Might we direct the question to the Minister of Marine?

Mr. MITCHELL: I should like to get some details about the land that was purchased by the Montreal harbour commission.

Mr. RHODES: I started a while ago to give the items making up the total cost of the bridge, but the current of the discussion was deflected. The details I have before me are as follows:

Substructure, south half, piers 0 to 19	$ 1,124,868 39
Moving swimming club house	1,812 80
Substructure, north half, piers 20 to 26	2,020,642 15
Filling on south shore	265,313 70
Filling on north shore	8,001 00
Concrete railways at approaches	63,739 75
Subway, south approach, regarding fill, etc	41,394 07
Grading, etc., south shore plaza	158,583 48
Outlet toll station, south side	6,028 50
Outlet toll station, north side	6,764 87
Black base pavement, south shore plaza	12,831 99
Steelwork in bridge superstructure	8,190,996 33
Reinforced concrete road, south side	233,308 22
Reinforced concrete road, north side	269,727 19
Island abutments	10,579 69
Electric installation	157,218 40
Island pavilion, steelwork	121,449 05
Island pavilion, concrete structure	325,105 55
Island pavilion, tram rails	19,182 70
Engineering superintendence and plans	691,708 98
Inspection of substructure	102,176 99
Inspection of concrete superstructure	8,312 24
Steel inspection staff	97,622 77
Travelling and incidental expenses	6,167 45
Office furniture and fixtures	561 05
Shed for inspection staff	1,150 00
Office rental, advisory board	2,857 13
Land and property purchase, north side	1,937,886 01
Agent's fees for properties purchased	66,382 76
Insurance on properties	2,246 10
Advisory board	132,666 65
Contract security bonds	148,390 33
Administrative expenses, H.C.M.	67,943 13
Preliminary surveys	50,500 00
Rental of space for contractor's use	36,948 30
Clearing sites	70,602 88
Legal and notarial expenses	143,840 77
Office rental	800 00
Advertising	1,518 64
Sundry items	7,671 48
Soundings and borings	9,572 55
Harbour dues on contractor's materials	1,170 08
Bridge design (A. J. Lavoie)	5,000 00
Surveys on south shore	885 50
Printing and stationery	12,764 95
City assessments for sidewalks	561 70
Telephone rental	122 51
Auditor's fees	1,187 00
Bond trustee fees	1,306 00
Interest during construction	2,045,340 23
Bridge offices, furniture and fixtures	5,850 12
Bond discount	5,010 42
	$ 18,704,272 55
Less: Credits for rental of properties, etc	65,008 69
	$ 18,639,263 86

This is the statement as verified by the auditors Clarkson, McDonald, Currie and Company.

Mr. SPENCER: I appreciate the fact that the minister has not been in office many months and cannot be expected to know the names of all the Montreal harbour commissioners. I should like to know, however, if he will be kind enough to get those names, covering the period from the time the matter was first discussed in the House of Commons until the present.

Mr. RHODES: That is to say, the hon. member wishes the names of the commissioners from the time the bill was first introduced in the house?

Mr. SPENCER: Yes.

Mr. RHODES: I shall be very glad to get them.

Mr. MITCHELL: May we also have information as to how the land was procured, and the names of the parties involved in the transaction.

Mr. RHODES: I cannot do that.

Mr. MITCHELL: I know something about municipal politics, and about buying land. The minister said something about the enormous price paid, and I would like to know why the amount climbed so rapidly from $6,000,000 to $18,000,000.

Mr. RHODES: There would be nothing on record in my department which would enable me to answer the question, I am sorry to say.

Mr. SPENCER: Is there any item in the estimates of the Minister of Marine in connection with which some of these questions might be answered?

Mr. BENNETT: My memory is that there is an item in the supplementaries which will afford an opportunity for discussion.

Mr. CAMPBELL: I think the point raised by the hon. member for Acadia should not be disregarded. There is a responsbility on the commissioners, or some body, for changing the plans of the bridge after the legislation passed this house. If there is to be an item in the estimates under which a discussion can take place I would suggest that the minister get the information and let us have it at that time. If the discussion arises under the estimates of the Minister of Marine, the information should be available to hon. members. When we pass legislation empowering a commission to go ahead on a public work, and afterwards the commission alters the plans, we are dealing with a serious condition. The Secretary of State has pointed out that this is no case to be investigated by auditors; I think it should be investigated by engineers.

Mr. BENNETT: I am told I am in error as to there being a further item in the supplementaries. I think however that I can answer the question of the hon. member for East Hamilton. The real estate was taken in the name of a clerk in the office of the solicitors for the corporation. My memory is that when we came into power it was still standing in the name of that clerk. The consideration was expressed to be one dollar, and other valuable considerations. It was impossible to ascertain the exact sum paid. I believe that is the information the hon. member wanted, although his question was not very clear.

Item agreed to.

To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases, $500,000.

Mr. COOTE: What salaries are being provided for under this vote?

Mr. RHODES: This is a continuation of a similar vote which has appeared in the estimates in all previous years. It is to provide for salaries and increases for which provision has not been made elsewhere in the estimates. This year the item is larger than it has been in previous years, due to the fact that departments have been cut down to the limit.

Item agreed to.

To provide for the expenses of work in the interests of fire prevention to be carried on by the Department of Insurance, $9,300.

Mr. CAYLEY: I notice this item has been reduced by several hundred dollars. In my view this is a very important work, and I should like to know whether the minister is going to curtail it.

[Mr. Bennett.]

Mr. RHODES: There is no staff reduction. This item has held fairly steadily throughout the years. There is some reduction this year because of salary cuts, but that is the only difference.

Mr. CAYLEY: This is the department in charge of the reduction of fire waste in the dominion, which has reached a tremendous proportion. There is one source of fire waste, especially in the farming communities, which is causing considerable anxiety. I think through the medium of this department and the Dominion Fire Prevention Association, which I believe is in close touch with the department, that something might be done with the cooperation of the national research laboratories. I shall take a few moments of the time of the committee to give some figures concerning spontaneous combustion on farms.

Fires reported to have occurred from spontaneous combustion appear to be increasing in number. Their annual distribution was as follows:

Year	Fires reported
1921	302
1922	364
1923	283
1924	326
1925	218
1926	286
1927	394
1928	253
1929	475
1930	410
1931 (nine months)	387

Fires from spontaneous combustion represented twelve per cent of the total number of barn fires and occasioned a property loss of $9,080,642, or fourteen per cent of the total loss in farm barns. What proportion of the fires arising from unascertained causes might properly be charged to spontaneous combustion is problematical. That many fires of unknown origin do arise from this cause is indicated by analysis of the fires occurring from month to month during the entire period. The months during which hay and other produce is newly stored in farm barns are the months when the most frequent outbreaks occur, as these figures demonstrate:

Month—	Percentage of total number of barn fires
January	2.3
February	2.2
March	2.4
April	4.1
May	5.4
June	7.0
July	13.5
August	16.8
September	23.1
October	10.8
November	8.4
December	4.0

From this record it is clear that more than one-half of all barn fires occur in July, August and September. In October of the present year the number of barn fires has been unprecedented and should be made the subject of special inquiry. If the conditions under which the produce was stored eliminates spontaneous combustion as a probable cause, a reasonable deduction is that market conditions may have contributed to the destruction.

I desire to bring to the attention of the minister the splendid work which is being done by the Dominion Fire Protection Association, of the executive of which I have the honour to be a member. I know that in the present financial stringency we cannot expect any increased grants, but I should like him to keep in mind that this association is doing very effective work in reduction of farm fires. Naturally this is a live question among the farmers, and I know they will be greatly pleased if the National Research Council would undertake some research work along this particular line.

Mr. RHODES: My hon. friend will observe that there is no curtailment in this item.

Mr. CAYLEY: Seven hundred dollars.

Mr. RHODES: It represents only salary reduction. But, with respect to his observations on fire prevention, I am in entire accord. We are losing millions of dollars every year, faulty flues and jack-knife electric wiring being responsible for many fires in farm houses and farm buildings. I speak from experience, because when I undertook the responsibility of becoming associated with the government of Nova Scotia, I had an idea that I might be of very material assistance to the rural population of that province by introducing a system of wiring inspection, but I may say I stuck my head into a hornet's nest, the very men whom I desired to assist objecting most strenuously to my proposal. I feel that a tremendous amount of work along this line can be done for the benefit of the farming community by the saving of property and in some instances of life. This item may not be large enough, but it is designed to accomplish the very object my hon. friend has in mind.

Item agreed to.

NATIONAL DEFENCE

Permanent force, $4,844,000.

Mr. WOODSWORTH: Mr. Chairman, just before the committee took recess I was making a few remarks upon this item. It seems unfortunate that the only place in which we can discuss a great many of the more important policies of the government is in connection with some one item of this character. Now that the disarmament conference is at work in Geneva and we have subscribed to the Kellogg pact for the renunciation of war as an instrument of policy, it is high time we should reconsider the whole military policy of this country. It is unfortunate that from year to year we take it for granted that we are to go on in the same old way. I know that on various occasions there have been expressions of opinion that we desire the world should disarm, that all the other nations should disarm, and yet we ourselves are taking no steps along this line.

An hon. MEMBER: There are no steps to take.

Mr. WOODSWORTH: One hon. gentleman suggests there are no steps to take. So long as we have items of this character there are certain steps we can take. We in Canada are in a peculiarly favourable position to carry forward a further measure of disarmament. We have confessedly no foes immediately at our gates. As far as we can see we stand in no danger of invasion. We have been told again and again that we have nothing to fear from the east or west, from the south or north. The Minister of Justice (Mr. Guthrie), whom I quoted this afternoon, took that attitude at Geneva, where he went so far as to say that the only force we have to-day is that made necessary to maintain law and order in this country. I suggested this afternoon that we were in a very desperate situation if we had to spend somewhere between $10,000,000 and $20,000,000 to maintain law and order in this country. Some time this evening I should like to find out whether the Minister of National Defence (Mr. Sutherland) agrees with the Minister of Justice in this regard, whether he thinks in reality our whole military force exists solely for the purpose of maintaining law and order. I do not think he will agree with that. Then we fall back on the other plea, that we need this military force as insurance against war. It is that point which I wish to discuss for a few minutes.

While we complain of other countries being rather hypocritical in this regard, we should remember that we have certain responsibilities ourselves. Some time ago I came across in the New Leader of April 18, 1930, a fable, a sort of satire dealing with the naval conference. I will read it because I think it applies equally to the disarmament conference which is in session at the present time:

The Lion, the Eagle, the Tiger, the Crocodile and the Shark, met in conference to consider the advisability of holding preliminary conver-

sations with a view to preparing the way for a meeting to consider the possibility of holding a conference to discuss the project of an eventual attempt to effect some limitation of teeth and claws.

The audience consisted of a Bear (who appeared to be amused) and, at some distance, a Deer and two Rabbits.

The Lion, who presided, was looking even more saintly than usual, for he had constructed a tin halo for himself which would have been still more impressive if the Tiger had not unfortunately licked off most of the gilt. On the halo were written the words, "My Glorious Mission."

The president opened the proceedings by saying that as there had been a great demand among the weaker animals for teeth control and the limitation of claws, it had been thought well to hold a conference to talk about these things.

The main thing was to talk, and for his own part he loved to hear his own voice, but he did not intend to have his own teeth taken out because he had always used his teeth and claws for the benefit of others, and never for his own advantage. Teeth and claws were essential to the existence of lions, they were not superfluities, in fact, he said, "Teeth is us." He realized also that in some degree this was true of all present. At this point the Crocodile shed several large tears.

The Lion, continuing, said that he thought they might all agree to the abolition of fins and propellers which served no good purpose. To this the Tiger and the Eagle signified assent, but the Shark and the Crocodile showed their teeth, the Shark observing that the prohibition of claws and wings would be more to the general good.

The Eagle said he was all for prohibition, but of teeth rather than claws. He had been accused of devouring hares (the Rabbits disappeared at this juncture), but he could truly say that his action had always been for the uplift of these earth-bound creatures.

The Tiger observed that some people were rather too uplifted for his taste, and he agreed with the Shark that wings should be forbidden. He was tired of flap-doodle.

At this moment the Lion uttered a low growl, because the Eagle was twisting his tail, while the Tiger took opportunity to pull out some of the Eagle's feathers, and received in return such a peck on the ear as caused him to retreat hastily. Meanwhile the Shark bit off the end of the Crocodile's tail, and was rewarded with a scratch that turned the water red.

The meeting then broke up, and the following official statement was handed to the Press:—

"Our conference has been a striking success, complete agreement has been reached on all points, and the utmost cordiality has prevailed throughout."

That satire is only too true of past disarmament conferences, and from all that we can judge at this distance that depicts what is going on at the present time at Geneva. It does not seem fair that we should blame everyone else for the delay in disarmament. I can very well understand how France might fear to disarm; I can understand her fear of a war of revenge. I can understand her sense of a lack of security and all that kind of thing. I can understand how Germany feels at the present time, disarmed as she has been, yet with the other nations not having carried out their part of the contract. I can understand how through central Europe each nation is afraid to take the lead in disarmament. But in this country it does seem to me, although we are a very small nation, small in population and perhaps in influence, that it might be possible for us at least to make a gesture that would have considerable effect in Europe. Instead of simply going along year after year in the same direction we pursued before the war, and which the war proved did not provide anything like real security, we in Canada, in view of the whole world situation, might very well take some lead in a forward movement.

May I be permitted to refer to-night to a very excellent article that appeared in MacLean's Magazine of August 1, 1931. It is headed "Salesmen of Death. The Truth about War Makers" by Lieutenant-Colonel George A. Drew. I wish to quote from this article because, though there may be nothing particularly new in it, it is provocative of thought and should be widely read. In fact, in many respects the general public outside, with regard to matters of this kind, is in advance of the opinion, if we have any, which exists in this house; at least it is less apathetic than parliament regarding such matters. Colonel Drew sums up in one or two paragraphs his views:

> One serious obstacle that must be overcome in convincing the people of the world that disarmament is everybody's business is the cynical attitude which is all too common that war is an inevitable evil and that the most we can do is to postpone it as long as possible and, when the time does come, hope to be just a little better armed than our enemy. Hand in hand with this attitude is the belief that we maintain peace by being better armed than our neighbour and thus preventing attack. An excellent example of this point of view is furnished in the following extract from an editorial in the Canadian Defence Quarterly of April 1931:
>
> "The world to-day has prohibited aggressive warfare but defensive wars are permitted; therefore, the nations still regard the use of armaments as the ultimate instrument of national security. So long as this condition remains, human nature decrees that each nation will strive to be armed with armament superior in quality, and if possible quantity, to that of other nations. It is doubtful, therefore, if nations would forego the abundant benefits which result from private enterprise in the armament field."
>
> Words like these have been repeated so often that they have acquired general acceptance without any appreciation of their full import. No one, yet, has been able to demonstrate the "abundant benefits" resulting from private enterprise in the armament field, unless they be the enormous increase in the casualties to all

combatants, or the huge profits acquired by men like Zaharoff, Krupp, Schneider and Grace. . . . That these words appeared in so responsible a journal as the Canadian Defence Quarterly such a comparatively short time before the World Disarmament Conference emphasizes the fact that much remains to be done if the Canadian delegates are to have behind them a well-informed Canadian public opinion. . . . There is ample reason for demanding, as a first step, the elimination of "Propagandists of Hate" by a mutual agreement, effective throughout the world, dissolving the vicious alliance between armament production and profit-sharing corporate enterprise.

It seems to me that instead of going through these estimates as a matter of form, instead of following the old policy of keeping up a skeleton organization which may be expanded at any time for either defensive or aggressive purposes, we should devote ourselves definitely to eliminating the causes of war. Perhaps the Minister of National Defence will say that that is not his job; I can quite understand his taking that attitude, yet his predecessor said on one occasion that he considered himself not as a minister of war but as a minister of peace. If peace is our ideal, if we have renounced war as an instrument of national policy, the responsibility would seem to rest upon someone to do something to promote peace. I have referred to this article by Colonel Drew in which he mentions the enormous fortunes which have been made out of armaments. I do not know whether there are in Canada any armament firms shipping out armaments, but I do not think there are. The Prime Minister nods his head, and I am delighted that we are in that position.

Mr. BENNETT: The hon. gentleman knows that we have small arms factories.

Mr. WOODSWORTH: I do not know whether there are—

Mr. BENNETT: These are not private companies, but are the plants located at Lindsay and Quebec.

Mr. WOODSWORTH: I am delighted that Canada is in this position. It is unfortunately true that considerable quantities of munitions have been sent from Great Britain to the Orient within the last few months. I understand that these shipments are being made under permit issued by the British Board of Trade after consultation with the Foreign Office. I do not know that Great Britain is any worse in this respect than any other of the large nations, but I do say that we can hardly hold up our heads as Britishers, that we can hardly be sincere in our condemnation of the trouble which has been going on in the orient for some months, while we know that British firms are guilty of shipping armaments to nations supposed to be at peace yet in reality at war. As many hon. members are not aware of the extent to which this traffic has been carried on, I should like to give a summary of a few facts recently supplied by the London New Statesman and Nation.

The CHAIRMAN: I do not think this is relevant to the item under discussion.

Mr. WOODSWORTH: It may not be directly relevant, as this item has to do with the permanent forces. My contention is that if we are to be confined to passing estimates providing for the maintenance of military forces and for the supply of munitions, then we are not doing our part in the larger effort which should be made to promote peace. These are war estimates, and we are surely in order in considering the factors which are to-day tending to promote war. If the chairman insists that I may not give these facts, then I must submit to his ruling.

The CHAIRMAN: I do not want to insist, but there is a standing order to the effect that discussion shall be relevant to the item under discussion.

Mr. WOODSWORTH: I should think that this is very relevant.

The CHAIRMAN: Not to the item before the committee.

Mr. WOODSWORTH: Yes, to the item before the committee.

The CHAIRMAN: Standing order 58 reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Mr. WOODSWORTH: Do I understand that under this item it is impossible to discuss the various factors which might tend to promote war?

The CHAIRMAN: I should think so. The hon. member has had many chances to express his views in the house by bringing forward a motion.

Mr. WOODSWORTH: Yes, there are possible ways in which such a matter could be introduced.

The CHAIRMAN: As long as the standing order is there I am bound to observe its provisions.

Mr. WOODSWORTH: I think I am in order in asking a few questions of the minister. I should like to know whether the Minister of

Justice was correctly interpreting the attitude of the department when he made the following statement:

> The armaments of Canada are practically negligible. We maintain only such military, naval and air forces as are necessary for the maintenance of law and order within our own border. Canada has no need for greater armaments.

Hon. D. M. SUTHERLAND (Minister of National Defence): Of course I have every confidence in any statement made by the Minister of Justice, but it seems to me that what he meant was that the forces as we have them in Canada to-day are not more than might be necessary. However, that is not essentially the object or aim of the permanent forces in Canada; their main function is to act as an instructor to the militia and, incidentally, as an aid to the civil powers.

Mr. WOODSWORTH: It is very interesting to hear the minister repudiate the statement of the Minister of Justice, but it is unfortunate that the Minister of Justice should have made this statement in such a magnificent assembly as the League of Nations. It is unfortunate, too, that it should have been given as the position of Canada, when, after all, it was only a general remark called forth doubtless by the peaceful atmosphere which prevailed in that assembly. I should like to ask the minister: where lies the necessity to-day for the maintenance of a standing army?

Mr. SUTHERLAND: The essential and paramount duty of every government is to provide peace and tranquility in the country, and our permanent militia is the background of our Royal Canadian Mounted Police. That, along with the instructing role which I mentioned, is the sole object of the permanent forces.

Mr. WOODSWORTH: Instruction is the primary one, and that contemplates a state of war. Against what nation are we preparing our forces?

Mr. SUTHERLAND: We are preparing against no nation in particular. If the hon. gentleman will look at the estimates he will see that they have been reduced by several millions of dollars. That shows that we have no particular bellicose attitude.

Mr. WOODSWORTH: I am glad to note that there has been some reduction, but I assume that is because of the general policy of economy rather than any desire on the part of the minister to have his military estimates reduced. As we are not preparing against any one particular enemy, do I understand that the minister is still going on the assumption that armaments are more or less an insurance against war?

Mr. SUTHERLAND: Yes, absolutely; I think they are an insurance against war.

Mr. WOODSWORTH: I am glad to have that statement; it is at least frank. I would point out that the last war did not indicate in any way that the very fullest armaments would prevent a country from being involved. I would point out also that this idea that armaments are insurance against war is out of keeping with the whole conception of the League of Nations. I should like, if I might, to ask the minister whether he thinks, now that we have declared we are renouncing war as an instrument of national policy, there should be any modification in our military policy?

Mr. SUTHERLAND: The hon. gentleman seems to lose sight of the fact that we are a small nation of ten million people and that we cannot control world policies. We are part of the world, and as long as practically every other nation maintains an army and is not satisfied that conditions are such as to warrant their doing away with it, we cannot do away with ours. It would be just as logical, say, for the city of Toronto to do away entirely with its police force while Detroit, Montreal, Buffalo and all the other large cities were maintaining theirs. There would simply be chaos; all the trouble would be concentrated in Toronto. As long as all other nations have armies, we must continue to have at least the nucleus of one.

Mr. WOODSWORTH: The minister would not contend that an army is simply a police force. I take it that in the past armies were maintained in order that a nation might by means of force settle accounts with other nations.

Mr. SUTHERLAND: They are to maintain order, the same as a police force. A police force has its prescribed scope of activity in maintaining order. Armies are to maintain international order.

Mr. LUCHKOVICH: What was the largest amount that was spent on national defence? I understand about five or six years ago it was $20,000,000, was it not?

Mr. SUTHERLAND: Yes.

Mr. LUCHKOVICH: To that extent I would congratulate the Minister of Defence on having made the reduction. We have a very valuable member in the hon. member for

Winnipeg North Centre, and on many occasions he has rendered this country useful service, but it seems to me, in view of the fact that these estimates have been so substantially reduced, that in making the argument he has presented this evening he is much like the man who drives a tack with a sledge hammer. It is not so long since I came back from Europe and I heard the hon. gentleman say something about promoting peace. The best way, so far as we are concerned, to promote peace, is to send delegates from this dominion to all the conferences held overseas and to tell the other delegates what a wonderful country we have. On one occasion I had an opportunity of speaking about the 4,000 miles boundary between Canada and the United States and of informing them that we had hardly a single soldier defending it. I am not averse to spending a certain amount of money on an army; we must maintain some sort of army commensurate with the importance of this country, and as I have already said, the minister is to be congratulated upon progressively making so many reductions in his estimates.

Not long ago we had a conference at Bucharest, at which we took up the question of disarmament. The question of an international force for the League of Nations was raised and as the Canadian delegate there I voted against this armed force for the League of Nations, because I thought it was a contradiction of the Kellogg peace pact which practically all the nations in the world had signed. I think we can do the cause of peace a great service if we send our quota of Canadian delegates to all the conferences overseas in order to point out the folly of increasing their armaments. There is no doubt in my mind that on the European continent they are substantially increasing their armaments. We in Canada, on the other hand, are decreasing ours, and that is a fact which the people on the other side of the ocean should take into consideration when such an important question as a policy of peace is being discussed.

Mr. WOODSWORTH: I do not want to prolong this discussion. I have already said that I am glad our armament is small and that there are decreases this year, but I still think that we ought to assume our share of responsibility in regard to general disarmament. As long as we, in the happy position in which we are, practically free from enemies, find it necessary to maintain even a small army, and as long as we uphold the doctrine that armaments are an insurance against war, I do not think we are doing what we might in promoting world peace.

Mr. YOUNG: In reference to the skit which the hon. member read at the beginning of his speech, where the animals could not agree to disarm, what would have happened if, let us say, at that conference the eagle had consented to part with his beak, wings and claws and the others had not?

Mr. WOODSWORTH: I do not think that point can be pressed. But of one thing we are sure: as long as we are at the present game we are getting no further ahead. I am inclined to think we are gradually climbing out of the slime. There is no doubt the human race came up through a very bloody pathway, but I am glad to think we are gradually attaining some slight degree of reason in our dealings with one another, and one of these days we shall manage to get along without the teeth and claws.

Mr. CAYLEY: Is the hon. member suggesting that he is willing that we should completely disarm?

Mr. WOODSWORTH: I am.

Mr. CAYLEY: Forthwith?

Mr. WOODSWORTH: Yes, forthwith, so far as I am concerned, for two reasons. This small army, if you like to call it such, that we are keeping up, is a mere irritant; it is provoking rather than helping to avoid war. More than that, our army is anything but efficient. I should like, if I might, to quote in this connection just one paragraph from a recent address by Sir Arthur Currie. I am not suggesting that he takes the position that I do, but I quote this paragraph from a recent speech of his. He refers to the ghastly toll of past wars. He says:

> Some 11,000,000 dead; 9,000,000 war orphans; 5,000,000 war widows; 20,000,000 helpless, wounded, broken men; and 50,000,000 starving unemployed. In the background of this picture were ruins of churches, buildings and humane institutions which had been constructed by the toil and sacrifice of centuries.

Then he declares:

> In a war of the future, there would be no use whatever to say that "We must not use poison gas; we must not spread disease germs; we must not kill civilians; we must not have submarine warfare; we must not destroy hospital ships; we must not bomb hospitals; we must not drop bombs on undefended towns.
>
> All thes things will be done."

Well, if all these forms of warfare will be resorted to, if we were thoroughly consistent and were going to be prepared for the next war, instead of pottering away with a few soldiers and officers as we are doing to-day, we would be arming along those lines and preparing definitely to carry on a warfare of

that description. Of course experts tell us that we cannot defend ourselves against attacks of this kind. I agree, we cannot, because there can be released enough germs, poison gas and so on to wipe out our cities in a very short time. If that be the case, why not let us frankly face the situation and attempt to discover some substitute for armament and prevent these disasters that will inevitably result from a war in the future.

Item agreed to.

Progress reported.

RADIO BROADCASTING

CONSTITUTION OF COMMISSION FOR ACQUISITION, OPERATION, REGULATION AND CONTROL

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to bring in a measure to provide for the constitution of a commission to be known as The Canadian Radio Broadcasting Commission, for the purpose of acquiring, operating, regulating and controlling radio broadcasting in Canada.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

Mr. BENNETT: I do not propose at this stage, Mr. Chairman, to do more than say that the measure to be based on this resolution endeavours to embody the recommendations of the committee which unanimously reported to the house the other day, and which report was unanimously adopted by the house. If the committee is disposed to pass the resolution this evening I was proposing to submit the measure for its first reading and then leave it for its second reading to-morrow so that hon. members might have an opportunity of looking it through. There is one section in which a slight change will be made, as I mentioned this afternoon. There is nothing in the bill to be founded on the resolution except provisions to enable the country through the commission to acquire, operate, regulate and control radio broadcasting in Canada, the details being set out in the measure.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 94, respecting radio broadcasting.

Motion agreed to and bill read the first time.

Mr. MACKENZIE KING: Would it be possible to have copies of the bill in both English and French to-morrow?

[Mr. Woodsworth.]

Mr. BENNETT: It is printed for revision. There are two or three words in one of the sections that I think will have to be amended, but the bill in its present form will be distributed either to-night or first thing in the morning. I think it is ready to-night in both English and French. There are no figures in the space for the salaries for the commissioners in the measure as submitted to the house.

As this matter has taken a very short time, perhaps the opposition would allow the Minister of National Defence to proceed with his estimates. I thought this matter would have taken a little longer or I would not have asked the committee of supply to rise until a quarter to eleven, but I thought it best to take a little longer in view of the possibility of discussion.

SUPPLY

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Non-permanent active militia, $1,837,400.

Mr. RALSTON: Would the minister tell us what are the items making up the reduction from last year?

Mr. SUTHERLAND: I think there will be a small item in the supplementary estimates of $50,000. In a general way the reduction is due to the reallotment of the days of training. There will probably not be as many days' training this year, perhaps only ten days where there were twelve before. The artillery did not get a chance last year to go to camp at all and use the mechanized equipment.

Mr. RALSTON: How many days in camp and for how many men does the minister propose for this year?

Mr. SUTHERLAND: For the artillery, twelve men to a battery. There will be no camps whatever for the infantry.

Mr. RALSTON: How many men will go to Petawawa?

Mr. SUTHERLAND: Just about twelve men to a battery from eastern Canada. In western Canada they will go to Camp Hughes.

Mr. RALSTON: If I understand correctly, there was no camp at Petawawa last year.

Mr. SUTHERLAND: Except for the permanent force.

Mr. RALSTON: Do I understand that there is to be a camp at Petawawa this year, and still the vote is less than last year?

Mr. SUTHERLAND: There is a reduction of $12,000 for maintenance charges in connection with the general upkeep of armouries, drill hall and rifle ranges. That, together with the smaller allotment for training makes up the reduction in this vote.

Mr. RALSTON: But there is a reduction of $163,000.

Mr. SUTHERLAND: There will probably be a supplementary vote of $50,000.

Mr. RALSTON: I am afraid that I still have not got the items making up the reduction of $163,000. Assuming that there will be a supplementary vote of $50,000, that will leave the reduction of $163,000 at $113,000. Would the minister just indicate generally—I do not want details—what is the cause of this reduction of, roughly, $100,000? Is it less days in training?

Mr. SUTHERLAND: Less days in training, yes.

Mr. RALSTON: That is headquarters training, and not camp training.

Mr. SUTHERLAND: Headquarters training, yes.

Item agreed to.

General stores, $663,500.

Mr. RALSTON: Would the minister give us the items making up this reduction of $600,000, approximately? The total redution of $600,000, approximately? The total reduction is $1,700,000 odd, and nearly half of that is in this one item for general stores.

Mr. SUTHERLAND: The reduction is made up as follows:

Clothing and necessaries, $8,500; miscellaneous stores, $141,500; artillery stores, $179,500; telephone signal and wireless stores, $12,500; inspection of stores, $6.500; army service corps, mechanical and water transports, $15,000; Dominion arsenal at Quebec, $199,000; Dominion arsenal at Lindsay, $500; inspection of ammunition, $6.500.

Mr. RALSTON: How is the saving brought about for the dominion arsenal at Quebec? Will there be less ammunition manufactured this year?

Mr. SUTHERLAND: Yes, there will be less ammunition manufactured, and consequently the wages item will be lower.

Mr. RALSTON: Probably so, but not to the extent of $200,000. The decrease in the manufacture of ammunition would not amount to anything like $200,000. How much less ammunition is being manufactured?

Mr. SUTHERLAND: The details of the estimate for the dominion arsenal show a total of $298,000 made up as follows: Salaries and wages, $221,000; maintenance, $30,000; removal of snow, $700; cordite contracted for, $20,000; bandoliers, $1,000; material for manufacturing, $106,000. From the total of these figures there has to be allowed $81,000 for materials on hand. The decrease is due to the ten per cent reduction in salaries, and the decision to close down the arsenal for a period of ten weeks in the summer.

Mr. SPENCER: Are any munitions manufactured by private firms in Canada?

Mr. SUTHERLAND: No, not to my knowledge.

Item agreed to.

Cadet services, $100,000.

Mr. SPENCER: Could the minister tell the number of cadets in the different provinces?

Mr. SUTHERLAND: In Nova Scotia, there are 4,500; in Prince Edward Island, 900; New Brunswick, 3,400; Quebec, 67,500; Ontario, 44,700; Manitoba, 3,000; Saskatchewan, 3,900; Alberta, 7,400 and British Columbia, 6,000.

Mr. SPENCER: How is the reduction made out?

Mr. SUTHERLAND: I must say there will have to be a supplementary estimate brought in. This sum is not enough to carry on the work. There have been very strong representations made, and a supplementary estimate will have to be brought down.

Mr. CAYLEY: Since last year has there been any reduction in the number of cadets?

Mr. SUTHERLAND: There is an increase of about 4,000 cadets.

Mr. GERSHAW: What is supplied to the cadets?

Mr. SUTHERLAND: There is no clothing given to them. They are given an issue of small 22 calibre rifles. The principal item, however, is instruction.

Mr. SPENCER: Are the cadets looked upon as part of the reserve army?

Mr. SUTHERLAND: No, not by the Department of National Defence. I am bound to say that every now and again we hear of some regiment with which there is a cadet corps affiliated. I do not, however, consider them in any way a part of the militia force.

Item agreed to.

Administration, $320,000.

Mr. COOTE: I understand there has been some correspondence between the Canadian Legion, the British Empire Service League and the minister concerning the publication of the Canadian official history of the great war. Can the minister tell what progress is being made by the department in this connection?

Mr. SUTHERLAND: This subject has created a great deal of interest, and rightly so. Practically ever since the war a sub-department has been gathering information and data. To be useful, any history must be exact. If the hon. member is particularly interested and will come to my department I shall be very happy to show him how exact that information is. From the information at hand, the officials know all the details of a battle on a certain date at a certain hour, and they have the detailed information concerning the companies, squadrons and batteries. At a time six hours later there are further details to show the changes which have been made. That preliminary work has now reached the stage where it is possible to begin writing the history. Probably it will consist of eight or nine general volumes, and two or three in addition dealing with particular services. Work will be started on the first volume immediately. It must be remembered that there are two kinds of histories of the war. One is official, giving days and dates, and quoting orders; another deals with certain incidents and embellishes them in an effort to make the subject matter readable. Some writer may comment on whether or not he approved of a certain general, or the practice of protecting the infantry by artillery fire. That may be a readable history, but it is not official. On the other hand, the official history may be used as a ground work for writers who may direct their thoughts along general lines. I hope that before parliament meets next year one volume will be ready.

Mr. SPENCER: Is it not a fact that Great Britain, Australia and other parts of the British empire are ahead of Canada, so far as the histories of their respective parts in the war are concerned?

Mr. SUTHERLAND: In some cases they have written the second type of history I have described, namely that prepared in sketchy and newsy form. Such histories, however, are not official. Great Britain is now writing her official history of the war, and it has been the practice of her officials to send to us anything concerning the Canadian troops, the information being checked by the officers in our department. Great Britain has begun work on the official history, but I would not admit that she is ahead of us in that particular work.

Mr. COOTE: Apparently the officials in charge of this work have been thirteen years gathering data. I notice in a return which was brought down on April 24, 1929, that at that time they had sorted 135 tons of material; indexed and made available documents occupying 3,138 feet of shelving; selected and copied documents covering 20,000 pages with maps; supplied information to inquirers on a wide variety of subjects necessitating writing approximately 8,000 letters; and compiled historical information comprising approximately 6,432 pages, 150 maps, 4,288 charts and 12,000 cards. To any ordinary layman who is interested in the subject this would appear to be sufficient data on which to base the history. I suppose I could go over to the department and see how the data is gathered, but the men most interested in this history are the veterans themselves, and many of them feel they will be dead before the history appears. I think it would be not unfair to say that the men in charge of this work have been dilatory, to say the least. I was very glad indeed to hear the minister suggest that we might perhaps expect one volume this year. Who is to be given the task of writing this history, the man who is in the department now and has been engaged on the work for the last fifteen years?

Mr. SUTHERLAND: Colonel Duguid will write the history. He has been head of the sub-department for a number of years. I must correct the hon. gentleman when he suggests that Colonel Duguid or anyone else in that particular branch has been dilatory. He certainly has not been dilatory. He may not have been given the help he needed, but his is a very small branch. No one has worked harder, or put greater effort into the preparation of this history than has Colonel Duguid.

Mr. COOTE: How many men are engaged in this work, and how much has been spent on it already? Has not sufficient work been done and money expended to justify our expectations that some of these volumes might have been published before this?

Mr. SUTHERLAND: I do not think the hon. gentleman will find there is a great deal of dissatisfaction, for it must be remembered that it takes a long time to get exact information for the preparation of such a history. Several histories have been written in the older countries by some general or staff

officer giving his views on the strategy employed by the various generals. But that is not an official history in the sense in which we regard the history that is to be written for this country. Our history must be based on authentic information.

Mr. RALSTON: I desire to second what the minister has said with regard to Colonel Duguid's work. It may be, as the minister suggests, that Colonel Duguid himself may not have had sufficient help. I think it would be rather difficult for him to use very much help in view of the technical nature of the work he is doing. I know that for several years while I was in the department he was still opening boxes and packages and collecting data which was coming in from all sources, and at the same time he was busy answering inquiries from those in several parts of the country who were writing battalion histories. Wonderful work was done by the historical section in connection with the memorial chamber in this building. If I remember correctly, with respect to the Canadian war memorial which is now being prepared, a great many ideas, if not suggested, were at least forwarded by Colonel Duguid's work. Dilatory is the last word my hon. friend ought to apply to Colonel Duguid; I do not know one whose heart is more in his work or who is more industrious.

Mr. COOTE: I do not know the gentleman at all, and it may be that he has done all he could do. Perhaps I should have said the department has been dilatory. At least that is the opinion of a great many returned men who are still looking for the official history of the war. As I have said, they are the men who are interested and many of them fear they will be dead before the history appears.

Item agreed to.

AVIATION

Training—all expenses in connection with the general maintenance of the air force including training personnel for civil air operations and provision of the necessary facilities therefor;

Civil air operations—flying operations for civil government departments in connection with aerial photographic surveys, forestry patrols, forestry and grain pests, transportation, etc., control of civil aviation; establishing aerodromes and airship bases; aeronautical engineering, etc.;

Air mail routes—to provide for expenses in connection with establishing and maintaining air mail routes; preparation and lighting of intermediate landing fields, etc., $1,750,000.

Mr. COOTE: Will the minister explain how he arrives at the decrease of $3,602,000 in this item? How many air force men have been laid off?

Mr. SUTHERLAND: One hundred and eighty-eight men have been laid off, and the civil air operations they were engaged in have been very largely restricted.

Mr. COOTE: Is this decrease all due to the discharging of these men from the force?

Mr. SUTHERLAND: Oh, no. It is due mainly to the operations themselves having been cut down. This year we will probably be doing only five or six thousand hours flying, whereas last year we did about thirty thousand hours. Then there will be very few, if any, aircraft purchased. To the best of my knowledge now, there will be none.

Progress reported.

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

Tuesday, May 17, 1932.

The house met at three o'clock.

REPORTS OF COMMITTEES

Fourth report of special committee appointed to consider Bill No. 36, to amend the Bankruptcy Act.—Mr. Hackett.

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

BANKING AND COMMERCE

REPORT OF FINDINGS OF COMMITTEE ON INQUIRY INTO PRICE OF GASOLINE

Mr. R. C. MATTHEWS (Toronto East Centre): Mr. Speaker, I beg leave to present the fourth report of the select standing committee on banking and commerce dealing with the price of gasoline. The report is as follows:

The select standing committee on banking and commerce begs leave to submit its fourth report as follows:

Your committee has had under consideration an order of reference, dated February 11, 1932,—

"That, in the opinion of this house, the price of gasoline to the Canadian consumer has for some time past been too high, and that this matter should be referred to the select standing committee on banking and commerce to investigate and report."

Your committee has held 22 meetings, and has taken viva voce evidence on oath of 20 witnesses. Numerous exhibits were filed by witnesses.

The aforementioned witnesses represented the following companies:

Imperial Oil, Limited,
McColl-Frontenac Oil Company, Limited,
British American Oil Company, Limited,
Shell Oil of Canada, Limited,
Eastcrest Oil Company, Limited,

and also included individual importers and distributors, in some cases importing direct from the United States, and in other cases purchasing gasoline from Canadian refiners.

An officer of the White Star Refinery Company, of Detroit, Michigan, also gave evidence concerning the condition of the petroleum industry in the United States.

An official of the customs branch of the National Revenue department gave evidence respecting the appraisal of petroleum imports for duty purposes.

The Clarkson commission report of 1926 to the Ontario government, being a report of an inquiry into the prices of gasoline and oils sold in the province, is incorporated in the evidence taken by your committee.

A committee of the legislature of Saskatchewan was concurrently conducting a similar inquiry to that of your committee, but within the limitations of provincial jurisdiction, and presented a report of its findings and recommendations to the legislature.

The said Saskatchewan committee report is not within the order of reference from the house to your committee and therefore has not been considered by your committee but in view of the recommendations therein contained has been incorporated in the printed proceedings of evidence in order that the house may be informed of its contents.

Pursuant to authorization given by the house, your committee engaged the firm of George A. Touche & Company, chartered accountants. This firm was instructed as follows, namely:—

1. That the accounts of the Imperial Oil, Limited, be taken for the purpose of establishing the fundamental facts required by the committee.

2. That a basis of establishing the ascertainment of costs be mutually agreed upon between the auditors and the officers of Imperial Oil, Limited.

3. That for the purposes of the two preceding paragraphs, the investigation be specifically applied against

(a) The Sarnia and Halifax refineries as regards the elements entering into production costs as a whole and as applicable to proportionate distribution of these total costs against gasoline and other commodities refined from crude.

(b) The relative wholesale prices of gasoline and other commodities refined from crude in relation to costs of production at the Sarnia and Halifax refineries.

(c) The elements embodied in the selling, distribution and administration expenses, added to the costs of production, in relation to selling prices for Imperial Oil, Limited, as a whole and as specifically applied in the following marketing divisions—

(d) That such marketing divisions may be designated by your sub-committee.

4. That synonymous with this investigation by the auditors into the aforementioned cost and selling factors of the Imperial Oil, Limited, they secure from British American Oil Co., Limited, and from McColl-Frontenac Oil Co., Limited, statements in such form as will render practicable a comparison of the relative costs and selling prices of the three corporations, thus offering means of disclosing any major variations without entailing the additional expense of investigating the smaller oil companies operating in Canada.

[Mr. Matthews.]

The auditors were also directed to make an examination and audit of the books of the McColl-Frontenac Oil Company with respect to certain operations of that company.

The auditors' report was duly presented to your committee by Mr. O. A. Matthews, a member of the firm of George A. Touche and Company, who explained in detail the clauses of the report as the same was read at presentation. Mr. Matthews was subsequently recalled, sworn and examined in respect to matters connected with the audit and report. Statements of figures abstracted from the books of the audited companies, and extended in the report, were duly filed.

A summary of the conclusions as set out in the auditors' report is as follows:

(a) That the company's records relating to 1930 operating costs charged to gasoline showed no evidence of "cost loading" by reason of affiliations in the United States and South America, or because of unfavourable accounting practices, but rather, that the gasoline costs, if anything, were understated because of the company's conservative policies in not loading into costs such matters as fire insurance premiums, depreciation rates, contingency reserve charges and inventory pricing.

(b) That the total costs for 1930 were free of charges for interest on capital invested, or such as might be related against funded debt or as a charge imposed by a parent company in the form of rental for use and operation of the refineries and marketing stations and equipment. In other words, the financing of Imperial Oil, Limited, has been effected through the sale of capital stock and the investment of a proportion of surplus earnings in extensions of plant and equipment facilities, without any issue of bonds or debentures upon which interest might be charged.

(c) That the 1930 marketing costs charged to gasoline whilst as a whole legitimate from an accounting point of view, were high in relation to total costs. The high cost of marketing is attributed to territorial and climatic conditions, and extreme competition obtaining in the distribution and marketing of gasoline in Canada. In view of the fact that the territorial and climatic conditions in Canada are not subject to human manipulation and change, a partial solution of the problem would seem to lie in a concerted action on the part of all distributing companies to eliminate as far as possible the present costly system of marketing.

(d) That variations in gasoline prices in 1929, 1930 and 1931 to consumers were not based directly upon ascertained refinery costs, but largely upon the variations in the market cost of crude oil with fluctuating additional charges for excise tax, sales tax, freight surcharge and exchange. It has not been demonstrated that any grounds exist for any allegations that the company has taken unfair advantage of either the specific or dumping duties in its gasoline prices to consumers during the period under investigation.

(e) That the reason for the unfavourable comparison at some points between United States competitive prices and those of the Imperial Oil, Limited, is due to the demoralized condition of the gasoline industry in the United States, caused by the over-production of gasoline and various tax evasion "rackets," which, in turn, result in the price of United

States gasoline falling far below the relative movements in crude oil prices and other costs of production and distribution.

(f) That the zoning basis of establishing gasoline prices results in the spreading of transportation differentials to the comparative disadvantage of gasoline consumers at centres of trade in proximity to some refineries, whereas the zoning price basis frequently operated to the advantage of gasoline consumers in the territories outlying from the refineries. It was also found that tank wagon gasoline prices are given to farmers and coastal fishermen both east and west.

(g) That in such outlying districts as have no dealer competition or where any dealer association arrangements exist, the spread between Imperial Oil, Limited, tank wagon prices and the prices to the consumer is entirely in the hands of the independent dealers.

(h) That apart altogether from the basis used in the establishing of gasoline prices, the spread between such selling prices and the combined costs of refining and marketing showed an average net profit of not exceeding 1·01 cents per imperial gallon of all gasoline sold by Imperial Oil, Limited, in the year 1930.

(i) That in view of the fact that the investigation of Imperial Oil, Limited, disclosed no improper accounting practices in the matter of costs or unstated profits, and because Imperial Oil, Limited, occupy the leading position in the gasoline industry in Canada, the auditors gave it as their opinion that the expense which would be involved in extending their investigation into the records of the British American Oil Company, Limited, the McColl-Frontenac Oil Company, Limited, and other oil companies in Canada, would not be justified in view of their findings on the average net profit per gallon of gasoline sold by Imperial Oil, Limited, in 1930.

From a consideration of the evidence and the auditors' report, it is the opinion of your committee that the price of gasoline to the Canadian consumer is not unreasonably high, and that the public interest would not be further served by a continuation of this inquiry.

Tabled herewith is a copy of the printed proceedings and evidence.

All of which is respectfully submitted.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I beg to lay on the table of the house orders in council numbers 1121 to 1125, inclusive, and numbers 1128 to 1131, inclusive, passed pursuant to the provisions of the Unemployment and Farm Relief Continuance Act, 1932, all referring to the payment of money.

PRIVILEGE—MR. POULIOT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I rise to a question of privilege and a point of order. On to-day's order paper I do not see certain questions that I put and I find them on page 2935 of Hansard of yesterday. These are nine questions concerning people who have made complaints or given evidence against postmasters, and as the questions can be answered by yes or no, I wonder why they have been changed to orders for returns at the request of the hon. Secretary of State.

Mr. SPEAKER: They were changed to orders for returns at the instance of the minister (Mr. Cahan), as is his privilege so to do, and that is where they will remain.

Mr. POULIOT: May I ask the Postmaster General if he has any objection to answering them?

Hon. ARTHUR SAUVE (Postmaster General): I never had and have no objection. My answers were and are ready.

BUSINESS OF THE HOUSE

PROCEDURE RESPECTING BILL TO AMEND INCOME WAR TAX ACT

Right Hon. R. B. BENNETT (Prime Minister): We shall take up order No. 18, Bill No. 92, to amend the Income War Tax Act. If the ex-Minister of Justice (Mr. Lapointe), in order that he may more adequately discuss the principle of the measure, so desires, a motion will be made to rescind the second reading and we shall proceed with that. If, on the other hand, the hon. gentleman thinks it is possible to discuss the principle of the measure while the house is in committee, we shall proceed in that way. I think the bill was advanced a stage, perhaps through a misunderstanding for which I must assume responsibility, because I said distinctly that my hon. friend would be given the fullest opportunity, regardless of the advance made on the order paper, to discuss the measure.

Hon. ERNEST LAPOINTE (Quebec East): It will be quite satisfactory to me to discuss the bill in committee, provided that I am at liberty to express my views on the principle.

MORNING SITTINGS TO BEGIN ON THURSDAY, MAY 19

Right Hon. R. B. BENNETT (Prime Minister): If there is a general disposition to expedite the business of the house, I would give notice for morning sittings beginning Thursday.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: As that appears to be the general view, I will, with the consent of the house, make the motion now that the house meet on Thursday at eleven o'clock, a.m.

Mr. DUFF: What about Wednesday night?

Mr. BENNETT: It was not intended to sit on Wednesday night.

An hon. MEMBER: What about Saturday?

Mr. BENNETT: I shall consult the convenience of the house as to Saturday. It is probable it may be desirable to sit on Saturday, but at present, with the consent of the house, I shall make the motion only that we sit on Thursday morning at eleven o'clock, if that is satisfactory, and also on Friday morning. Then we shall consider as to whether or not we should sit on Saturday. The Senate does not convene again until Monday evening at eight o'clock. Therefore it might not be desirable to sit on Saturday, but I shall look into the matter and consult the convenience of the leaders of the parties as to what action should be taken in that regard.

Mr. SPEAKER: Mr. Bennett moves:

That on and after Thursday the 19th inst. until the end of the present session the house shall meet at 11 o'clock in the morning of each sitting day and that, in addition to the usual intermission at six o'clock p.m. there shall also be an intermission every day from one to three o'clock.

PENDING LEGISLATION

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Prime Minister if we may assume we have on the order paper practically all the business that is likely to come before us this session?

Mr. BENNETT: That was the other matter about which I intended to speak. A bill has been prepared to give effect to the recommendations of the committee dealing with the civil service. That bill is now being finally revised by the Minister of Justice. There is also a bill that has been drafted and that, it is urged in some very responsible quarters, we should pass in order to cope with a possible financial crisis if such should arise on this continent. This bill, which would not come into force except by proclamation, is a very short one, with I think, a single section. Whether or not it should be introduced we have not finally decided. Outside that, I know of nothing more. There was a bill prepared some weeks ago in connection with a farm marketing board, a subject about which some discussion took place the other day. There are certain technical difficulties that may not be regarded as of such a character as to warrant our not proceeding with the legislation. That has not been finally decided. Outside that, there is nothing I know of at the moment.

Motion agreed to.

[Mr. Duff.]

POST OFFICE ESTIMATES

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville) (Translation): May I inquire from the hon. Postmaster General (Mr. Sauvé) when he intends to submit again to the house the estimates of his department?

Hon. ARTHUR SAUVE (Postmaster General) (Translation): I have no objection to discuss immediately the estimates of my department, providing the rules permit it. I shall again submit them to the house when the rules allow me and when I am called upon to do so.

Mr. DUPUIS (Translation): May I request the hon. Postmaster General, on behalf of the house, to give a more definite answer. I would like to know when the estimates of the Post Office Department will be discussed, if the Postmaster General is in a position to supply the information.

DISARMAMENT CONFERENCE

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): May I ask my right hon. friend whether the report in the newspapers is correct that both the hon. member for Argenteuil (Sir George Perley) and Miss Kydd, two of the Canadian delegates at the Disarmament conference, are sailing for Canada? If this is true, must we assume that Canada will be represented at that momentous conference only by our worthy Solicitor General (Mr. Dupré)?

Right Hon. R. B. BENNETT (Prime Minister): As perhaps the hon. gentleman knows, if he has been following the proceedings, the work of committees is proceeding. The committee of which the Solicitor General is the vice-chairman is continuing its sittings, and we were advised by Sir George Perley this morning that it was the view of all those who are interested in the conference that he might return to Canada at the moment, and Miss Kydd, I believe, is coming on the same ship. I shall have a few observations to make in that regard when one of the items dealing with the League of Nations which was reserved is being considered, especially in view of what was said last evening by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I shall not anticipate the discussion at this stage beyond saying that the interests of Canada are entirely safeguarded in every sense in view of the present state of that conference by the presence of the Solicitor General.

POST OFFICE ESTIMATES

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): A few minutes ago I asked the hon. Postmaster General when he expected to proceed with his estimates. As he seems to be unable to answer I would ask the right hon. the Prime Minister if he is able to tell the house when the Postmaster General will proceed with his estimates.

Right Hon. R. B. BENNETT (Prime Minister): I do not think, Mr. Speaker, that any good purpose is served by gratuitous, insulting observations addressed to any member of the house. I can only say that the Postmaster General will proceed with his estimates when it is agreeable to him and acceptable to the opposition, as we said the other evening.

INCOME WAR TAX ACT AMENDMENT

SPECIAL TAX ON INCOMES OF JUDGES AND MEMBERS OF MILITARY, NAVAL, AIR AND POLICE FORCES

The house resumed from Monday, May 16, consideration in committee of Bill No. 92, to amend the Income War Tax Act—Mr. Rhodes. —Mr. LaVergne in the chair.

On section 1—Special income tax on certain salaries.

Hon. ERNEST LAPOINTE (Quebec East): I am sorry, Mr. Chairman, that I was not here yesterday, owing to an engagement in my own city, and therefore could not register my opposition to the principle of this measure. I am grateful to the Prime Minister for giving me the opportunity of doing so to-day.

This measure is one of taxation, and according to my views it violates two great principles of British constitutional law with regard to taxation. First, the principle of equality. It is a well-known principle that in matters of taxation there should not be any discrimination. Everybody must be treated in the same way. In this bill there is a discrimination against a class. The judges of Canada, apart from being required to pay the income taxes every citizen of Canada has to do, are singled out for the purpose of levying upon their salaries a special additional tax of ten per cent. This is class legislation; there is no doubt about it. There is no more reason for it and no more justification for an additional income tax on judges than there would be for one on butchers or bakers or on people who happen to have red hair—

Miss MACPHAIL: Or who are baldheaded.

Mr. LAPOINTE: Or who are baldheaded, as my hon. friend from Southeast Grey says, or anybody else in a special category or class. There is no doubt whatever that this measure is certainly opposed to one of the fundamental principles of taxation, that of equality of taxation, and it becomes an arbitrary levy upon a certain class of men. More than that, even in that class there is a discrimination because the bill applies only to the judges who are paid by the Dominion of Canada. The recorders, the provincial judges, the judges of police courts, although some of them have salaries almost as high as the salaries of the members of the high courts, are not taxed. I am sure that everybody upon second thought will agree with me that this is an absolutely vicious principle. Our income tax statutes are based on the theory that the taxes are levied in a certain proportion on the annual gain or annual means of every citizen of Canada. This is a deviation from that principle. Furthermore, Lord Phillimore, in the case of Caron versus the King, which was based on our federal income tax laws, recognized that principle. He said:

> They—

Meaning the income tax acts of this dominion:

> —are statutes for imposing on all citizens contributions according to their annual means, regardless of, or it may be said, not having regard to, the source from which their annual means are derived.

The tax is levied on the annual gain or means of every citizen; the law does not say where it comes from, and it is not fair, it is against the principle of the legislation that a certain class or a certain profession in the community should have imposed upon it special taxation different from that imposed on any other class. That is one principle that is violated by this bill. But there is another one.

Mr. GARLAND (Bow River): Would not the reverse also be true with regard to any exemptions from the tax?

Mr. LAPOINTE: Quite right, but the judges are not exempted. They are paying the same tax in proportion as any other citizen of Canada. This is the change. There was no change before this bill.

The other principle which is violated is the great British principle of no taxation without representation. The judges are not represented in this house. They have no vote here; they have no—

Mr. GARLAND (Bow River): Oh, oh.

Mr. LAPOINTE: My hon. friend says, "oh, oh." The best evidence that they are not represented here is that yesterday there was nobody to say: "Well, you had better

wait and at least have the bill printed and distributed before the second reading is proceeded with." There was nobody here to say that yesterday. If there is any legislation concerning the farmers or the fishermen or the civil servants, or anybody else in Canada there is always a voice or there are a few voices raised in this house on their behalf, but when it comes to the judges they have no representation.

Mr. GARLAND (Bow River): They have an excellent advocate in the hon. gentleman, in my opinion.

Mr. LAPOINTE: They have an ex-Minister of Justice who wants to put himself on record in this house against this principle and against this legislation, but they are not represented in this house by anybody, and that is why things like that happen.

Mr. SPENCER: We were informed by the Prime Minister that most judges were willing to pay the ten per cent.

Mr. LAPOINTE: I have no concern about that; it is possible they are willing to pay. If so, let them pay voluntarily. My point is that this parliament has no right to impose a special tax on the judges of Canada through the operation of a special bill such as the one now before us. Nobody speaks for them. We have taken away from them not only the right to vote but the right to speak. They cannot defend themselves. They have no right to say anything on public matters, and may I say that the present legislation is not very generous or courageous; it is not sportsmanlike to attack people who have not the right to defend themselves. They can say nothing in their defence. More than that, we have passed legislation prohibiting them entering other gainful occupations. We have prohibited them from deriving any other income or revenue from any sources whatever, as do other people in times of prosperity. Now we are asking them—we are forcing them, in a period of depression, despite the fact that when times were better they had no opportunity to benefit—to pay a special tax.

There is no doubt that the legislation now before us is makeshift, because the government found it could not place them under the bill to reduce salaries. They are doing indirectly what they could not do directly. Judges are not servants of the crown. Since the Act of Settlement that fact has been well established and accepted. They sit in judgment on differences and difficulties arising between the crown and the subjects. They cannot be removed by the crown as can other civil servants. After the Act of Settlement another law was passed affecting only the judges and enacting that they are not related, as are other civil servants, to the sovereign; they are not servants of the crown. I quite realize that the government could not have included them in the bill which has now become law. The present legislation, however, is only a subterfuge, and is opposed to the principles of British law. I know the Minister of Justice does not like it; he could not like it. I can remember very well a time when he blamed me for not taking the means to increase judges salaries. I can remember his eloquent words to the effect that judges are not paid adequately, and that in fact they were underpaid. Well, he is doing worse than I did; at least I did not reduce their salaries.

I know that in certain quarters it is stylish to attack judges. As I have already said they cannot defend themselves. The statement has been made that it is easy to find people prepared to accept a position on the bench. That may be so, but the present Minister of Justice knows as well as I do that it is difficult to find the men we would like to appoint to the higher courts of the land. Certainly it is possible to find some men, but let me tell hon. members that there is no doubt a poor servant is always overpaid. Let us suppose that we should apply the same principle to the House of Commons. When I came to parliament the indemnity was only $1,000. It was increased to $1,500, then to $2,500, and now it is $4,000. May I suggest that if it were again $1,000 quite possibly there would be people who would be willing to accept office. That, however, is not a fair basis upon which to decide the amount which should be paid to judges, to members of parliament or to any other servants of the people. I do not desire to say more in this connection except that it is of supreme importance to Canada that we should have an impartial and independent judiciary. I do not think it is right to subject judges to the necessity of looking to parliament to learn whether their salaries or taxes are going to be increased or decreased from year to year. Judges must be altogether independent of parliament; they must be fearless. They have a tremendous responsibility. We exact from them high standards of living, and as I said we exclude them from all other gainful occupations. We are proud of our Canadian bench, and I think we should make it so that our judiciary would be in a position to maintain the prestige with which it has always been surrounded.

Last night when I entered the chamber the estimates of the Minister of National Defence were under review. There was discussion on an item of almost $2,000,000 for the training of the non-permanent militia. Let me tell hon. members that the country might more easily dispense with the training of the non-permanent militia than impose a special tax on our judges. To please the hon. member for Southeast Grey may I say I would also be quite willing to cut off the amount set aside for cadet training, rather than make a levy on the salaries of judges.

There is another point upon which I should like to say a few words. The government was blamed for not having put a tax, similar to the one now under discussion, on the salaries of lieutenant-governors. Well, this one is bad, but the other one would also be bad. I have heard the suggestion in this house that we could very well dispense with the office of lieutenant-governor in the provinces. Well, my reply to that is that under the British North America Act the lieutenant-governor is part of the constitution; it is part of the legislature of a province. The act says that the legislature of the province of Quebec shall be composed of a lieutenant-governor, a legislative assembly and a legislative council. It states further that the legislature of Ontario shall be composed of a lieutenant-governor and a legislative assembly. Lieutenant-governors form part of legislative bodies. So long as we have autonomous provinces the lieutenant-governors represent the king in those provinces, and no hon. members in this parliament have the right to do away with that office in the provinces.

I am not sure either that the people of the provinces favour this change, and I know in Quebec they would not. In Quebec the office of lieutenant-governor is part of our national life. The home of the lieutenant-governor is the national home of the province. The lieutenant-governor represents the king; he represents law; he represents order; he represents authority. I do not think there would be even a very small minority in the province which would favour doing away with the lieutenant-governorship. Let me say also that the salaries of the lieutenant-governors are perhaps the only ones that have never been increased since confederation. All the other salaries have been increased; the lieutenant-governors are being paid to-day what they were paid in 1867. Is it to be suggested that we should have only wealthy people as representing the crown in the provinces? I am opposed to that suggestion. We have in my own province at the present time a lieutenant-governor whom I would not change for any millionaire, no matter whence he came in this country; far from it; and he has the esteem, the good will and the affection of every citizen of the province. The salary which is being paid to the representatives of the crown, instead of being too large, in my opinion is much too small.

Those are the considerations I wanted to express to-day, and I am thankful to the Prime Minister for having given me the opportunity of doing so.

Mr. GUTHRIE: Mr. Chairman, with a great deal of the speech of my hon. friend from Quebec East (Mr. Lapointe) I am in hearty accord, but with some of the opinions which he has offered to the house I cannot agree. We all realize that it is not a pleasant nor an agreeable thing either on the one hand to impose taxation or on the other to reduce salaries. Measures of this kind are not brought forward unless there is some urgent necessity for them, and it was felt that at the present time there was an urgent necessity in Canada of decreasing expenditures in every direction. It is for that reason that the reduction of salaries in the civil service and extra taxation in regard to the judiciary are proposed. And the proposal is only for a single year.

My hon. friend has based his objections upon two grounds. First, that it is illegal or unconstitutional to impose taxation upon the judges; secondly, that we are violating a principle in this measure by imposing taxation without representation. Viewed in regard to our strict legal rights, I think the matter is one upon which there cannot be very much division of opinion. We have in this parliament under the British North America Act authority to tax anything we see fit to tax. The powers of this parliament are practically unlimited in that respect; they are to be found in section 91. We are empowered to raise money by any mode or system of taxation. My hon. friend says that in this measure we do not propose a fair or general tax, but that we discriminate. In my humble opinion, we are entitled, if we see fit, to discriminate. That is our legal right.

Mr. LAPOINTE: I did not say otherwise.

Mr. GUTHRIE: It is not a question of the right of parliament; but there is a question as to the propriety of our doing certain things.

Mr. LAPOINTE: Hear, hear.

Mr. GUTHRIE: In this case we propose not to discriminate, but to impose taxation upon all the members of a class, and that class consists of those who receive money by way of salary from the treasury of the dominion. My hon. friend points out that in his good

province of Quebec there are a number of individuals who are not, strictly speaking, judges, but who are appointed by the province to administer law as in other provinces magistrates do. They are provincial officers, and we have not sought in any way to interfere with the salaries or emoluments which they receive. But all members of the judiciary who receive money from the federal treasury are under this proposal taxed in respect only of the salary which they receive from that treasury. That is the special tax that is imposed.

Now, on the legality of the proposal I submit there cannot be two opinions. As to the propriety of our doing so there may be a very great difference of opinion. Personally, I do not favour a reduction in judges' salaries, and under other circumstances I would not feel justified in imposing this taxation upon them. I remember the incident which my hon. friend referred to when I did urge in this house an increase in judges' salaries. It was at a time when there was affluence in the country, when our treasury was overflowing—

Mr. MOTHERWELL: Hear, hear.

Mr. GUTHRIE: —a time when an increase might have been granted. And why was it not granted? Simply because the temper of the House of Commons was opposed to it; that was the reason. I have not any doubt that my hon. friend himself was in favour of an increase—

Mr. LAPOINTE: Hear, hear.

Mr. GUTHRIE: —but the temper of the House of Commons was opposed to it. I think I am not going too far when I say that from anything we have learned during the present session of parliament, the temper of this present House of Commons is not in favour of excluding judges from any contribution to the finances of the dominion for the present year.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: That is the operating thought in my mind at all events; because in the main I agree with the position which my hon. friend has taken with regard to the judiciary of this country.

On the other branch of his case he submits we are not justified in taking this step because we should not impose taxation where there is no representation. Well, I submit that the judiciary of this country are represented in the House of Commons, not by themselves but by the representatives of the people of the country. If my hon. friend's argument is correct, we could not impose taxation upon the civil servants, because the civil servants are not represented here except through the members of this house. Many bodies are not represented here; none of the officers of the government practically have a right to sit here or to be heard here. Now, I submit there is no foundation in fact for that objection; that this House of Commons represents the whole dominion, all classes of citizens of this country.

For these reasons I submit we are strictly on legal ground in bringing down this bill. I hope it will be only for a single year. The measure itself is so expressed; it will expire after the present year.

There is not unanimity among the judiciary themselves with regard to the measure. I have received letters supporting the proposal from a number of judges who desire to have this tax imposed upon them, or to make their contribution as others do; on the other hand, I have received communications from other judges objecting to the proposal. As I say, there is no unanimity among the judiciary in that respect. But judging the matter as a whole, reviewing the circumstances as we know them in this house since the bill was introduced, and particularly having regard to the desire on the part of everyone in Canada to reduce expenditure to the minimum, I believe the present bill is justified at this juncture and ought to be adopted.

Mr. STEWART (Edmonton): Would the minister state why the judges should not have been brought under the general act?

Mr. GUTHRIE: I think there is a very sound objection on constitutional grounds. I agree with my hon. friend who just spoke that the judges are in a class by themselves. They are not civil servants; they are not the servants of the crown, and the time may come when they will be the buffer between the crown and the people. I do not believe there should be any interference with a contract made with a man when he ascends the bench. We surround him with limitations. He cannot engage in trade; as my hon. friend pointed out, he cannot accept any public office and he cannot sit in the parliament of this country. To a very large extent he is removed from the ordinary people of his locality. He cannot practise the profession for which he has been trained, and to my mind it would be an unfair thing, after he has accepted office and continued therein for a number of years, by force of an act of parliament to say that although we made a bargain with him, now his salary is to be reduced without his consent. To my mind that would be an unconstitutional act.

We know that an effort was made last autumn to reduce the salaries of judges in Great Britain, and we know that when the matter was discussed and fully inquired into the better opinion, both of lawyers and laymen, was that it would not be proper to reduce the salaries of the judges. Many very able legal opinions were expressed to the effect that it would be unconstitutional to do so. That is my own view, and that is why I would not feel free to support a statutory reduction in the salaries of members of the judiciary.

Mr. STEWART (Edmonton): I do not wish to enter into a controversy with my hon. friend, but it seems strange to me that since parliament from time to time has increased the salaries of judges after their appointment, it should not have the authority to reduce them.

Mr. GUTHRIE: That is to the advantage of the judge. I submit that we are not permitted to do anything to his disadvantage.

Mr. STEWART (Edmonton): Being only a layman I am not prepared to argue that point with my hon. friend, but it seems to me that parliament has complete authority, and if parliament has the power to increase the salary of a man who my hon. friend argues is under contract, and who accepted the position on the terms of that contract, surely he is also subject to a decrease if one becomes necessary.

Mr. GUTHRIE: No, he is only obeying the will of parliament in that case.

Mr. POWER: I do not want to delay the house in connection with this item, but when the Minister of Finance was discussing the bill providing for the reduction in the salaries of civil servants he told us that this reduction was a contribution on the part of those civil servants. If that is the case I fail to see any distinction at all between the contribution made by way of reduction and the contribution made by a special income tax. The argument of the Minister of Justice that these men should not have their salaries reduced because they are precluded, by reason of their position, from taking part in public life or from carrying on the practice of law, to my mind applies equally well to this act which we are now discussing.

Mr. GUTHRIE: No, I submit that we have no power to reduce the salaries although, according to the decision of the privy council, we have power to impose a tax.

Mr. POWER: But the minister argued on the propriety of the matter, saying that we had no moral right to reduce the salaries of judges because of their peculiar position. Now he goes ahead and moves that we tax them an additional ten per cent. I confess that, having a mind not capable of drawing fine philosophical distinctions, I cannot see the difference. If I may state the point of view which I hold in this matter, I believe that the salaries of judges should have been subject to the reduction imposed on every other member of the service. I am sorry to disagree in this matter with my colleague from Quebec East (Mr. Lapointe). I believe the same thing should apply to the members of the naval and military forces; I cannot find anywhere in the act any special contract with the members of those forces which would prevent us from reducing their salaries.

I do believe that this legislation is perhaps the most vicious that has ever been introduced into this house, in that it discriminates between different classes of citizens and proposes to penalize certain people because they belong to a certain class. In other legislatures they take that action in connection with people who have become nuisances, such as hucksters, peddlers and people of that sort. We impose a special tax on them. We are now degrading those who should be the leaders in our social structure, the judges, members of the militia, members of the police force and others, to the level of common nuisances, and I protest against that action being taken.

Mr. DUFF: Just before the motion is agreed to, in section 1 of the bill I find the following words:

> 9a. (1) Notwithstanding anything contained in this act or in any other statute or law, the members of the judiciary and the members of the military, naval and air forces of Canada and of the Royal Canadian Mounted Police, other than enlisted men, shall be liable to pay a special income tax of ten per centum upon the salaries paid to them by the Dominion of Canada.

Yesterday when the resolution upon which this bill is based was under consideration I tried to argue that, in my opinion, if this tax was to be imposed on civil servants and judges it should apply also to ex-judges and others who are receiving pensions. At that time I made the statement that one of the lieutenant-governors was also getting a pension. I find that while a pension was paid to that distinguished gentleman in 1931 it is not being paid this year, so in that statement I was slightly mistaken. However, I am still of the opinion that ex-judges drawing pensions should be liable to this tax just as much as anyone else should be. If I understood the argument of the Minister of Justice it was that the judges should not have a reduction of ten per cent under the general act which

we passed yesterday because they were in a particular class, and were under contract. I think the same thing applies to members of parliament; I believe we are equally under contract, and if we could be brought in under Bill No. 19 I believe the judges should have been included under that measure as well.

I do believe that the ex-judges, who receive pensions totalling about $1,000,000, should come under this act. Looking at the estimates for 1932-33, in the list of those receiving pensions authorized by statute, appearing on page 23 I notice the name of J. D. Hyndman, who receives a pension of $6,000 as an ex-judge. I should like to know if this is the same gentleman who is chairman of the pension appeal tribunal and who, in that capacity, receives a salary of some $8,000 or $9,000.

Mr. RHODES: If my hon. friend will permit me, he does not draw his pension.

Mr. DUFF: Does my hon. friend say Mr. Hyndman does not draw his pension?

Mr. RHODES: I understand that the arrangement when he accepted the position was that this pension was to become a portion of his compensation, under his contract.

Mr. DUFF: My understanding is that his salary is $9,000 and that salary has been drawn since his appointment. As I said a moment ago, I hold in my hand the estimates for 1932-33, and in the first column under the heading of "1932-33" appears this gentleman's name with a pension of $6,000 opposite. I cannot understand why a gentleman who takes another position under the government should have his pension taken away. He has earned that pension for performing a certain public duty, just as the lieutenant-governor has earned his, and although it may be legal I cannot understand why the pension should not be paid this year when it was paid up until last year. I contend that these gentlemen who are receiving pensions as ex-judges should be treated in the same way as everyone else and although I will not move an amendment—I will leave it to the good judgment of the minister—I feel that after the word "judiciary" in the third line of section 9A there should be added the words "and ex-members of the judiciary to whom pensions are paid."

Mr. RAYMOND (Translation): Mr. Chairman, I wish to state that I entirely agree with the views expressed a short while ago by the hon. member for Quebec East (Mr. Lapointe). Judges have been placed in a special class, they have been deprived of numerous privileges that the humblest citizen of this country enjoys. To-day the government wish to levy a special tax on them. It is absolutely unjust and I think that the comments of the hon. member for Quebec East are quite to the point.

May I add a few words to the remarks made by the hon. Minister of Justice (Mr. Guthrie) to justify this measure. He stated that the need for additional revenue had necessitated this action. I wonder whether he is levying this special tax on the judges to enable him to meet the $2,000 increase which he granted to himself and his colleagues last year. To think that, in a crisis, when the revenues of Canada are not adequate to meeting the expenditures for administration, members of the government thought fit to vote themselves a salary increase of $2,000, and that, to-day, they state in the house that further revenue is required and a special tax of 10 per cent must be levied on judges to meet expenditure. If the government are sincere I would suggest to them to add to clause 9A of Bill 92, the names of the ministers of the crown, on whom an additional tax of 10 per cent would thus be levied on their salaries, as on that of the judges.

Mr. BOURASSA (Translation): Hear, hear. I entirely agree with the last remark of my hon. friend from Beauharnois (Mr. Raymond). As a matter of fact, when, last summer, at the end of the session, the ministers voted themselves a salary increase, I was the only one to protest. Not one Liberal rose to protest.

Mr. RAYMOND (Translation): I was not in the house.

Mr. BOURASSA (Translation): Was it because they had only shortly dropped out of power, or because they expected soon to be in power again; however, the fact is that my weak voice was the only one to protest against this increase.

Mr. RAYMOND (Translation): The government chose a moment when no Liberal member was in the house.

Mr. BOURASSA (Translation): Pardon me, there were quite a number of them. The hon. member was absent, but others were here.

As to the tax levied on judges, let us be fair. One may calmly comment on judges' salaries, however, for the same reason which the hon. member for Beauharnois has just pointed out, under present circumstances, I contend that it is neither fair to the judges, nor to the army and navy officers, nor to any class whatsoever of the community, to

state that, in the present crisis, they should be exempt from shouldering their share of the public burden. If we wish to guard against the feelings of public hatred and distrust spreading against the leading classes, it behooves us not to advertise in our legislation and budget that we exempted certain classes on account of the position they occupy.

One hears: Judges are deprived of the right to exercise their franchise. Is it to penalize them that they are so deprived? Quite the contrary, it is to more clearly bring out the importance of the duties they discharge and shield them from the criticism of public opinion, it is to place them, so to speak, on a higher plane than the masses. It is not a punishment but an acknowledgment of the importance of their duties and the impartiality they are expected to show towards everybody.

Judges, at times, are called upon to decide on political cases. Take for instance the Controverted Elections Act, by which parliament desists from its inherent and constitutional right to decide upon legislative functions. It has transferred to the courts the exclusive right of passing judgment on all controverted election matters or the obtaining of a parliamentary mandate by corrupt or other underhand means. Why was this done? So as to make it clear that the intention was to defer to an absolutely unbiased mind, the duty of carrying out a legislative mandate.

And in order to enable judges to discharge impartially this all important duty, which, to some extent, is linked with the parliamentary mandate, they were removed from the seat of political strife. That is why they do not exercise their right to the franchise. I think it would be a mistake to look upon this loss, by which judges are disfranchised, as belittling their office. Quite the contrary it is an acknowledgment—how shall I express it—it is a recognition of the importance of their office, it is a mark of respect extended to them. However, to conclude from this that, in a country—whether one likes it or not—in a democratic country a particular class of public servants—I use the word in its broadest sense—a particular class of public servants—whether they be lieutenant-governors, who are after all officials appointed by the Dominion government, or judges designated to their post by the Dominion government to carry out duties which are assigned to them by parliament, or again whether they are army or navy officers, who are so delegated by parliament to maintain peace or defend their country, why, I wonder, under the present circumstances, should we exempt them from contributing their quota to the public exchequer? Again do I say that the hon. member for Beauharnois was perfectly justified in stating that it was highly improper on the part of the ministers of the crown to grant themselves a salary increase, and it was a very improper thing for parliament to unanimously endorse this increase. But the fact of having blundered last year in this connection, is not a reason to blunder to-day and proclaim to the country, when thousands of needy people are unable to find food for their everyday subsistence, that a certain class of people who happen to be wearing a three-cornered hat, or sit on the bench will be exempted or that another class of people who parade the streets with decorations on their breast, or again others who are travelling on ships either on the Atlantic or the Pacific, paid by the government to idle away the time, must be exempted from carrying their share of the burden. No, the time has come when all classes must shoulder their share of the burden.

As to the aim of this measure, I entirely approve what the government has stated or rather what it is doing to-day. It is possible that they are doing so to cover their retreat, that they are presenting it under the guise of income tax, instead of doing what would have been the right thing, namely: reduce the salaries of judges and officers like those of other civil servants. However, there is an old English proverb which applies to all public administrations: "Let them down easy." The moment they perform a worthy act I have no fault to find whether they slip out by the side door instead of coming through the front door. The fact that the result attained is the same, that all classes of the community contribute to the public fund, to the liabilities of the state, gives us sufficient ground to approve them and, for my part, I do it heartily.

Mr. DURANLEAU (Translation): I do not deem it necessary to repeat the arguments put forth by the hon. Minister of Justice (Mr. Guthrie) in support of the bill under consideration. Moreover, we have just had the approval of the hon. member for Labelle (Mr. Bourassa) who stated that he would support this measure.

I think it only fair to reply to the statements of the hon. members for Beauharnois and Labelle, when they say: It was very improper, when, last year, the ministers of the crown voted themselves a salary increase.

The CHAIRMAN (Translation): The ministers' salary increase cannot be discussed, because the question has no reference to the

present debate. I might allow the hon. Minister of Marine to reply to the remarks of the hon. members for Beauharnois and Labelle, however, I do not wish to allow a discussion contrary to the rules.

Mr. DURANLEAU (Translation): Mr. Chairman, the question came up because it was contended that the ministers of the crown should be taxed to-day on this $2,000. I think that the hon. members did not actually understand the measure adopted last year. If the two hon. members who preceded me in this debate had taken the trouble to examine the public accounts in order to ascertain the expenditure in connection with ministers' motor cars, under the Liberal régime, they would have found that instead of a sum of $2,000 per year, each minister had expended, up to the time the Conservative party assumed power, $3,000, $4,000 and even $5,000 per year for salaries of chauffeurs, gasoline, repairs, purchase of motor cars, etc., etc.

Mr. BOURASSA (Translation): That depended on the ministers.

Mr. DURANLEAU (Translation): This measure was adopted, last year, with the view of economizing, and nothing else. Instead of making an outlay between $80,000 and $100,000 per year for motor cars in the service of ministers of the crown, we fixed an amount of about $40,000 per year, or to be more exact of $38,000 which means a saving of about 75 to 100 per cent. That is all that was done. I think that hon. members should allow their leader, the hon. leader of the opposition (Mr. Mackenzie King) to do the criticizing, for when the measure was adopted—

Mr. BOURASSA (Translation): He is not my leader.

Mr. DURANLEAU (Translation): —if my memory serves me right, the hon. leader of the opposition was present in the house, and no opposition was registered, because everybody seemed to understand that the government was cutting down expenditure by introducing this measure.

Mr. POULIOT (Translation): Mr. Chairman, I closely followed the remarks made by the hon. Minister of Marine (Mr. Duranleau). I am rather amazed that he did not reply to certain comments made by the hon. member for Labelle (Mr. Bourassa), with reference to people who slip on a gown and sit on the bench. It is perhaps somewhat a disrespectful way of speaking of the judges of Quebec and Canada. I can well understand

[The Chairman.]

that the hon. member for Labelle was somewhat carried away by his own eloquence, however, I think, if we wish the people to treat with due respect our judges, they must not be treated disrespectfully by the Canadian parliament. That is why I am astonished that the hon. Minister of Marine did not in this respect reply to the comments made by the hon. member for Labelle, since he rose to speak immediately after him.

In my humble opinion it was wrong to exclude in the first place the judges from the act as regards salary deduction. In a previous debate, I expressed the view that judges themselves would suggest to the government this reduction in order to help the budget during the present crisis, and we feel quite certain that no judge protested either to the right hon. Prime Minister (Mr. Bennett) or to the hon. Minister of Finance (Mr. Rhodes), in that connection.

A number of civil servants draw a pension while receiving a salary or fees for work performed in another position; I have no comments to make as to that. On the other hand, how does it happen that the pension to which a lieutenant-governor is entitled is not paid to him? This is what one might call "discrimination." It is not likely that under the circumstances, the lieutenant-governor in question, for whom I have the greatest regard, would take any step whatsoever to have his pension paid to him, however a pension is simply a continuation of one's salary. If the judges do not receive a higher salary, it is, no doubt, because when they retire from the bench, they are entitled. to a pension which permits them to end their days in peace and tranquility. This pension forms a sequel to their salary and the country owes it to them. It seems to me that if there has been shown some discrimination between civil servants and certain judges the right hon. Prime Minister and his cabinet will not let pass the first opportunity to rectify this misunderstanding, the wrong or injustice which may have been done.

The hon. Minister of Marine stated that we had not understood the real aim of the indemnity intituled "Allowance in lieu of automobiles." This is not very flattering for his colleagues of the house who have not, according to him, sufficient brain development to comprehend the legislation which is submitted to them. My learned colleague, I admit, is my senior at the bar, he has a great deal of experience as I stated—

Mr. DURANLEAU (Translation): I beg the hon. member's pardon. I think that he has not quite followed my argument;

perhaps I have not clearly expressed myself. I stated that the two hon members who had found fault with the measure did not seem to grasp the object the government had in view. I did not state that the house had not understood the measure since they had adopted it.

Mr. POULIOT (Translation): I wish to thank the hon. minister for his explanation. He first stated that the hon. members for Labelle and Beauharnois had not grasped the purport of the measure and further that I had not followed his argument. Then, we are all in the same class. He stated that it was legislation aiming at cutting down expenditure, I rather think that it is a measure of petty savings. That is not a distinction so very subtle that it may not be understood except by superior minds; it will appeal even to the uneducated. And this is why: Last year, at a time when the crisis was being felt and when the then Minister of Labour (Senator Robertson) had stated that there were 540,000 unemployed in the country, and at a time when the revenues of the country were decreasing owing to our imports having materially decreased, at a time also when our trade was threatened, the government advocated economy, we shall practise it ourselves and the first step we shall take to carry out this program will be to have a yearly amount of $2,000 voted to each minister of the crown to replace the cost of an automobile.

You are, sir, no doubt aware that each minister is entitled to a certain amount which is known as contingencies—

The CHAIRMAN (Translation): I drew the attention of the hon. Minister of Marine, a short while ago to the fact that ministers' salary increases should not be made the subject of a debate; one may perhaps discuss this question by making comparisons but not from the viewpoint of the measure itself.

Mr. POULIOT (Translation): I am not, sir, discussing the merit of the $2,000 question, but I think we can surely determine what are the exact salaries of the ministers, to-day, so as to compare them with what they were previous to the enactment of this legislation; that is why we are obliged to judge of such questions on their merits. When this additional amount of $2,000 per year was voted to each minister, it was then held that it was not an increase in salary, but a compensation. Nevertheless the salary or indemnity of ministers was increased by $2,000, which means that ministers are drawing from the treasury, since last year, the sum of $14,400, while previously they only drew $14,000. They therefore receive $400 more.

Note well, sir, that it is contended everywhere that the salary and the indemnity of ministers added together amount to a large sum. That is not my view. In Canada, as in other countries, but especially in England, cabinet ministers should receive £5,000 sterling or about $25,000 per year, in normal times; but let us bear in mind that we are undergoing a crisis. It is not the time to increase the salaries of ministers when those of civil servants are reduced. Here, in the house, must this reduction only bear upon the members who are receiving $400 less without affecting the ministers who receive $400 more? Who is the member whose indemnity reduced by $400 increases that of the minister by the same amount? If my indemnity is reduced to-day, $400, what minister will benefit by it? Is it the hon. Minister of Marine? Why should the minister benefit more than I, a poor man. I am obliged to sacrifice $400 to further enrich the hon. Minister of Marine.

Mr. BOULANGER (Translation): I am also a poor man.

Mr. POULIOT (Translation): Will my hon. friend, the distinguished member for Bellechasse (Mr. Boulanger), who is also a poor man, have to sacrifice $400 for the benefit of the hon. Postmaster General (Mr. Sauvé)? I do not contend that the hon. Postmaster General or the hon. Minister of Marine are too wealthy, quite the contrary; I simply wish to bring out the facts. Where is the member who is going to contribute $400 as an additional grant to our international traveller the hon. Solicitor General (Mr. Dupré)? Where is the member who wishes to sacrifice $400 of his indemnity to make a gift to the Solicitor General or any other minister? Perhaps, also, the government will withhold $400 from the indemnity of my hon. friend, the former Minister of Justice (Mr. Lapointe), of my hon. friend, the member for L'Islet (Mr. Fafard), of my hon. friend, the member for Kamouraska (Mr. Bouchard), or again of my hon. friend, the member for Hull (Mr. Fournier), or of my hon. friend the member for St. Hyacinthe-Rouville (Mr. Fontaine), and hand it over to these ministers?

There are among our fellow citizens well known business men. To whom will my hon. friend the member for Cartier (Mr. Jacobs) have to hand over his $400 or rather for whom will he be despoiled of his $400? For what minister? Most likely for the Secretary of State (Mr. Cahan) who represents a county where there are numerous Israelites. Then my hon. friend from the county of Cartier will have to pay $400 to a gentleman who represents a county where many of his com-

patriots reside. I spy my hon. friend from British Columbia, the member for Comox-Alberni (Mr. Neill) whose wealth is on a par with ours, to whom will go his $400. Probably to the hon. minister without a portfolio (Sir George Perley) who is also one of our international travellers.

The CHAIRMAN (Translation): Order! I think the hon. member for Témiscouata should confine his remarks to the question.

Mr. POULIOT (Translation): The enumeration would be endless; so many things could be said. This measure is absurd and of a nature to bring discredit on the government. I am sufficiently well acquainted with the right hon. Prime Minister and his colleagues to know that they have no intention—to use a popular term—to fatten up at the government's expense. I do not deny that there may have been some abuse in connection with automobiles. I am not discussing this point at present; however, in a crisis the ministers who are responsible for the legislation in this house should first practise on themselves what an illustrious Japanese admiral, Admiral Nogi called "Hari-Kari". Should not the members of the government follow this example?

If the cut in the indemnity is necessary, I think the ministers should be the first to set the example.

It is not that the indemnity they receive for the duties they discharge is out of proportion; however, in a crisis ministers should not simply be satisfied with sacrificing the members and the civil servants of this country.

The right hon. Prime Minister, on his return from England, last year, made a statement, which was published by the Canadian press, and in which he appealed to private charity. Private charity responded most readily. People put into practice this admirable saying of Christ: "Love your neighbour as yourself and love one another." People helped one another. Numerous charitable societies did marvellous deeds and private individuals made sacrifices to help their fellow citizens who were in poverty How was this charity carried out? By practising the most rigid economy. The 10 per cent taken, to-day, from the civil servants went to charity. One may think that 10 per cent is not much yet, throughout all the cities of Canada, in all the parishes and most remote villages, people set aside the poor man's share, expended a certain sum of money, part of their salary or income to feed those who were hungry, to quench the thirst of those who were thirsty and shelter those who had no home.

To-day with a cut of 10 per cent in their salaries, will private charity be able to do as much, in cooperation with the government, as it did previously? Future will tell; however, we are inclined to believe that this salary reduction is untimely, that it has set a poor example to the country's capitalists whose eyes are always riveted on the tower of parliament, at Ottawa, and who eagerly read the newspapers so as to take their cue from higher up, from here, on Parliament Hill. I shall not add anything further in this respect; however, previous to closing my remarks, I wish to make a humble suggestion to the government, as regards economy. Salaries have been cut down, a number of civil servants have been dismissed—

The CHAIRMAN (Translation): Order!

Mr. POULIOT (Translation): I earnestly think, sir—

Mr. CHAIRMAN (Translation): The hon. member for Témiscouata should confine his remarks to the subject under discussion.

Mr. POULIOT (Translation): May I, sir, make a suggestion as regards economy? The bill under discussion is one which, it is said, is inspired by motives of economy. The suggestion which I want to make will, perhaps, prevent the salary reduction of a certain number of civil servants, and, perhaps, will also spare the judges the annoyance which some of them might feel in having their salary reduced, notwithstanding that most of them are ready to sacrifice themselves on the country's altar. The following is a suggestion, one of a practical order. It is short but constructive although being of destructive nature. It is of a constructive nature in the sense that it will enable the government to realize an appreciable saving. Mr. Chairman, I suggest that the fifth wheel of the coach be done away with.

You are aware, sir, that a vehicle rolls very easily on four wheels and the fifth wheel which is known as the "spare" is not indispensable.

Mr. LAPOINTE (Translation): What is the fifth wheel?

Mr. POULIOT (Translation): The fifth wheel is the hon. Solicitor General (Mr. Dupré).

We have had, sir, since August, 1930, as Solicitor General, a gentleman who was silent during the whole of last session.

The CHAIRMAN (Translation): Order! order!

Mr. POULIOT (Translation): I beg of you, sir, to allow me to continue my remarks. You will note that my argument is truly to the point.

The CHAIRMAN (Translation): But it does not appear to me to refer to the bill under discussion.

Mr. POULIOT (Translation): By accepting, sir, the suggestion which I am going to make there will be no further need of reducing the salaries of lieutenant-governors or judges. That is where my remarks refer to the question under discussion.

The hon. Solicitor General, since August 1930, has been the minister of the defeated candidates in Quebec. His part has been absolutely useless in the house. Last year, he was silent, and, this year, the government dispensed with his services, and according to the press, his leader did not forbid him to talk through his hat, but warned him not to talk through his large beaver hat. He played a useless part in Canada and also in Europe. That is why I request that the office of Solicitor General be done away with. His predecessor, the Hon. Lucien Cannon, pleaded a number of important cases before the Supreme Court, the Exchequer Court and the Privy Council. The present Solicitor General has not been called upon to plead any. He costs the country $40,000 per year. He has numerous secretaries. There is one to listen to what people are saying, another to interview those who come to his office, and another to reply to them. He is surrounded with a body guard, and reminds me of the former Czar Ferdinand of Bulgaria who never travelled without an armed guard. I do not wish to comment on the intellectual gifts of the Solicitor General, however, I think that the government would gain by dispensing with his services or, if the government are desirous of keeping him in their midst or circle, I would suggest that he be appointed Minister of Fisheries. That would be quite appropriate, because at least in Quebec, the fisheries would not fall under his control and he could therefore do no harm.

To sum up, sir, my suggestion is this: I think that, under the circumstances, the position of Solicitor General could be advantageously abolished, and the income could be distributed among charitable societies, such as the Red Cross, the Salvation Army, the St. Vincent de Paul and all the charitable societies which are doing so much good in this country. I have no personal ill-feeling against the Solicitor General. Personally, he seems to be a charming man, but here in the house we are obliged to consider things on their merits, and as, in my opinion, he has not done anything praiseworthy or wrong since he occupies his high office, I think the country would be better off if his services were dispensed with, within the shortest delay possible.

Mr. BENNETT: I am sure, with other members of the committee, I am under a great obligation to the hon. member for Témiscouata for his voluminous exposition of the principles and the law that govern in a case of this kind. The classic defence of the position of a judge in this house was made by the late Judge Doherty. He was appointed to the bench when he was a young man of thirty-five or thereabouts. He served his fifteen years and was entitled to two-thirds of his salary as a pension which gave him $3,333.33 per annum. He was subsequently elected to parliament and later he became a minister of the crown. He was attacked in the old House of Commons for having received his pension while he was in receipt of pay as a member of parliament and as a minister of the crown. If hon. gentlemen are interested, they will find his defence recorded upon the pages of Hansard of that time. Shortly put—and I do not think it can be improved upon—it was this: that having entered into a contract with the crown to assume the obligations of judge, one of the terms of the contract being that after a certain number of years had elapsed he should receive a pension, he was entitled to that, having discharged his duties to the satisfaction of those to whom he was responsible and that no question could thereafter be raised because he was receiving the compensation provided for by the contract. The position with regard to judges is just that. They are not the servants of the crown; they are not the servants of the government. Under the Act of Settlement they occupy a very peculiar position. They are the administrators of the law; they constitute that branch of our government which we speak of as the judicial branch; they interpret our statutes and they administer the laws.

When my colleague the Minister of Justice said that it was not regarded as sound to decrease the compensation which judges receive by way of salary, he but stated a truism which might be indicated in another way. The contract is that they shall receive not less than (blank) dollars. However much more they may receive is for parliament to determine, but the contract of service is that they shall not receive less. In but two instances, I think, in all the history of the judicial branch of government in Great Britain has there been a reduction in salary and we recall in the early days the Master of the Rolls occupied a somewhat peculiar position. For many years he occupied a seat in the House of Commons and he was also Master of the Rolls. The Lord Chancellor to-day, of course occupying the highest posi-

tion in the judicial branch of government in Great Britain, is also a political officer, being a member of the cabinet. The considerations that prevail here and in other overseas dominions with respect to the payment of salaries have no application in Great Britain, but the contract of every judge of every superior court in this country is that he shall receive not less than the stipulated sum provided for at the time he assumes office. In other words, if he gives up his practice at the bar and becomes a judge, there are two considerations that he must weigh before he takes the step. One is the salary, which will not be less than the sum provided by statute, and secondly, he has a retiring allowance which will not be less than the sum provided by statute. That completes the contract, and the reason the steps suggested were not taken when this measure with respect to the public service generally was submitted to this house was just what I have indicated. In Great Britain where, under the statute to which I made reference on that occasion, action was taken reducing the salaries of the judges by ten per cent, it was at once realized that a mistake had been made and in a very learned article that appeared in the Law Quarterly Review the reasons why that action should not have been taken were very clearly stated. Notwithstanding the observations made by the hon. member for South Perth (Mr. Sanderson) it will be found at page 562 of Hansard for February 26 of this year that I made this observation:

> The judges are not included in this measure. It has been contended by legal authority, and an article in the last issue of the Law Quarterly Review goes into the matter rather fully, that it would be a breach of the statutory rights of judges to undertake to make a curtailment in their salaries in this way. There are, however, other methods by which the matter may be dealt with, and the government has not finally determined what action it may take in that regard.

In other words, as long ago as the twenty-sixth of February when the resolution upon which the bill is founded was being introduced into this house, I had indicated that there were other methods by which the end might be accomplished. We were not prepared to break a contract. We were not prepared to determine by act of this parliament that the conditions under which the judges had undertaken to serve the state in their capacity as judicial officers should be set at naught, but I indicated that there were other methods by which, if thought desirable, the judges could be placed on an equality with other public servants, using the words public servants in the largest sense, in equality of sacrifice. Immediately after the resolution was introduced and while it was still pending in this house, some of the judges wrote to my colleague, the Minister of Justice, others wrote to myself, and others to other members of the administration, saying that they desired at this time of stress and strain to make a contribution to the revenues of this country equivalent to ten per cent of their salaries. I may say for the information of this committee, Mr. Chairman, that the first letter I received was from a county court judge who had appeared before a special committee appointed by this house and given evidence as to the inadequacy of existing judicial salaries, pointing out that he could not with his family live on the salary he was receiving. Yet the first letter that I received from any judge suggesting that he would like to make a contribution of ten per cent of his salary to the state at this time came from that same judge. I thought that was a manifestation of a rather fine spirit. A chief justice was next, and there were other judges in all parts of the country. I will not say that the majority of them, because that would not be fair, and it would also be untrue, but several judges indicated their desire to make a contribution at this time of ten per cent of their salaries for the year. After it became apparent that numbers of them desired to make a contribution in that sense, the government in view of the expressions of opinion from all parts of this house—for instance, if the ex-Minister of Justice and those associated with him had seen fit to make as strong observations with respect to interference in any way with judges' salaries as we have heard this afternoon, it is not probable that so strong an inference might have been drawn—

Mr. LAPOINTE: May I interject and say that I am sorry I was not present when the discussion took place. I intended to differ and disagree in the house with many of the things that had been said, but the question did not come up again.

Mr. BENNETT: I accept at once my hon. friend's statement that he was not in the house when the matter came up, but certainly there were no expressions of opinion such as we have listened to to-day as to the undesirability of judges making a contribution this year to the public revenues. That is all that might fairly be said about the matter.

I would like to say that I am one of those who in this house and outside of it, and I speak with some measure of diffidence because of the positions I have occupied in my profession—it is somewhat difficult to speak as one really feels because it looks like special

pleading—have often said that the judges of this country are not adequately paid. The result has been a judicial body which does not as a whole reflect the genius of the legal profession in this country. I say that with very great frankness. I say that we should be able to improve the standard of judicial excellence in Canada. We have large numbers of judges by reason of the fact that we have a dual system. We, the federal power, appoint, and the provincial power determines the numbers. The result is that in almost every province of Canada there are more judges than there should be, and instead of a few highly trained minds upon the bench you have large numbers of indifferent minds upon the bench administering justice. In the very nature of things that would be so.

The other day we had a striking illustration of the attitude of the British mind towards a position on the bench. One of the most eminent judges of our time, one who is a hereditary peer and occupied a great judicial position, a man who came to this country some years ago, had said years ago that if the time ever came when any criticism was urged as to his age he would retire. When a resolution came before the House of Commons in England to increase the number of judges because it was found that for the moment judicial business was somewhat congested, the resolution passed after a speech had been delivered by the Solicitor General which invoked from one of the members a eulogy upon the subject which he said had induced him to change his mind. He went on and made certain criticisms with respect to the age of this learned law lord, and the result was that within a few days, as you may have seen in the press, that distinguished jurist retired from his position. That is the effect of public opinion at once reflected upon the mind of a high-minded man who occupied as great a place in the judiciary as has fallen to the lot of any man to occupy in recent years. He retired at once under those circumstances.

In Canada there has grown up in recent years a tendency to criticize the judiciary unfairly. I attribute that to two things. First, the inadequacy of the salary makes it impossible to attract to the bench the best legal minds we have. Secondly, and I am saying this in no over-critical sense or as indicating one party more than another, there has been too much political patronage concerned in appointments to the bench. The result has been that the test whether a man is entitled to a seat on the bench has seemed to be whether he has run an election and lost it. Very often that has been so. If he has run an election and won it, peradventure he should not look for a seat on the bench because he can better serve his country in some other capacity. I know of cases in which eminent members of the bar have indicated that men who were wholly unfitted for judicial positions, as appeared within a very short time after their appointment, have been appointed to the bench. That happened because of a variety of circumstances and very often from the sense of obligation that men feel to those who have served their party with great faithfulness. In England on one occasion in the last fifty years there was a slight departure from the rule which governs, and the chancellor of that time was severely criticized for the action he had taken. It is also true that in this country there has been a very great deal of criticism with respect to judicial appointments because it has been felt in few cases has the test been the merit of the appointee. To get away from that in a new democracy is not an easy thing. No one knows the difficulty better than I. Under those circumstances I think we must continue to try to secure the best available material because I still hold that of the three branches of government the judicial is the most important. This legislative branch can undo to-morrow what it has done to-day, and it frequently does—although it does not do it so quickly as to-day and to-morrow. The executive charged with its responsibility also may change and undo what has been done. The judicial branch, if it follows the common law system by which precedents, that is the decisions of the courts, are binding upon inferior courts, cannot readily undo to-morrow what has been done to-day. One of the great poets of the Victorian era, the poet laureate, made some observations touching these myriads of precedents which have so great an apparent effect upon the minds of men, and so govern the administration of justice, these precedents, these decisions, these judicial interpretations, these determine what the language of a statute really means.

For instance, to-day we pass a statute which may seem very clear to some hon. members. They may have no difficulty in understanding what it means, but in the end the judges of this country must be able, without the aid of Hansard—because the courts have ruled that Hansard cannot be referred to in the courts to ascertain the intention of the legislature. The intention of a legislature as expressed in words in debate has no effect, but the intention as manifested by the language employed and interpreted in the light of preceding decisions must determine what the legislature meant.

Let us for example consider the two words "trade" and "commerce" which appear in subsection 2 of section 91 of the British North America Act. When the case of Parsons versus the Queen went to the privy council the interpretation of the words trade and commerce had to be considered. It was found that the meaning of the words trade and commerce had been determined in a statute passed in the reign of Queen Anne. There hon. members have a precedent indicating the power and strength of a judicial decision applied to an act passed in 1867, where words similar to those used in that act had been used in the days of Queen Anne and had been given a particular meaning which governed the interpretation of an act passed in 1867. Thus in our courts we find that where similar words are employed in statutes and they have already been judicially interpreted, that interpretation continues.

So under those circumstances, in this highly developed civilization, the demand for highly trained minds becomes greater. The compensation which men of our profession receive for the services they render to-day are, some people think, out of all proportion to the actual value of the services. I think possibly the complaint is not wholly unfounded. I think it may not be untruly said that perhaps some members of our profession are more highly paid than they should be; that may well be said. It must also be realized, however, that in the hands of the members of our profession there rests a tremendous responsibility, and that no consideration of fear, favour or affection must govern them in the discharge of their duty. From that body, from the legal profession, must be recruited the bench. That is why I take it the ex-Minister of Justice has very properly said we are so desirous of maintaining the standards in the legal profession, because those standards are reflected in those obtaining on the bench.

The salaries paid to members of the bench are wholly inadequate—wholly inadequate. They do not attract to the bench the best minds. However, as the ex-minister has said there is never a dearth of candidates for judicial office. It is remarkable that while salaries are poor, the remuneration small compared with what they might have received from practising their profession, the sense of security and dignity, and the certainty of a retiring allowance will attract men to the bench.

Having in mind the great traditions of the legal profession, the fine traditions of the bench, the services it had rendered to mankind, the services it had rendered in Canada in the interpretation of our constitution and the determination of justice between contending parties, as well as the administration of our criminal laws, it is not unfair, is it, to think that with that security, that dignity and that retiring allowance they should make for this year a contribution in keeping with that made by their fellows of the state? I certainly feel, probably more strongly than hon. members opposite, that their salaries must not be touched. In my judgment their salaries could not be decreased but they could be increased. However when it came to a question of making a contribution when others had done so and were doing so, when others had offered to do so and were doing so, in order that there might be no invidious distinctions or that we might not create differences or, shall I say, unfair criticism, making it difficult for two members of the same bench to discuss questions with one another without one thinking that the other was endeavouring to enhance his own position at the expense of the other, we, by the exercise of power conferred upon us by statute, to raise money by taxation, are imposing that tax upon the judicial class, the bench, upon army, navy and police officers, the last three having offered voluntarily to have the deduction made from their salaries. How can it be said that that is discriminatory legislation any more than it could be said if I imposed a tax upon any man who went into a theatre to-night; certainly, he who goes into the theatre pays it. He who does not, does not. You discriminate, certainly, against the man who attends the theatre, and you collect from him a tax. You collect none from the man who does not go to the theatre. So far as that is concerned, the man who occupies a position on the bench contributes ten per cent, and he who does not does not.

I was rather surprised to hear the ex-Minister of Justice suggest that the principle of taxation without representation had any application here. Taxation without representation never applied to individuals or their avocations. If so the form of government that has been commended so strongly at times in the province of Alberta would have its justification, for then indeed you would have to have a class government in which every class would be represented. The House of Commons would not be complete, in such case, if every class, every occupation and profession did not have here a representative. That is not taxation without representation. Taxation without representation means that the great body of the people cannot be taxed

until that same great body of people has the right and opportunity to express themselves through their representative.

This House of Commons reflects the whole opinion of the nation not any part of it. It reflects every vocation and every profession, and not any one of them; it reflects them all. The minute this parliament passes any taxing law, that minute it exercises the power reposed in it by the whole body of the nation. The old philosophic principle as to how the rule of majorities came into being finds expression there, and once the majority has acted then the statute is a statute of the Canadian people, and not of one party or of a majority in the house. So all the people find representation through that tradition which goes back at least six hundred or seven hundred years as to the rule of majorities and which has been discussed in so scholarly a manner by one of the members of our profession who investigated the foundations of our institutions.

Now, I think on sober reflection it will be found that most of the members of the judiciary, ill-paid though they are, will realize, and gladly realize, that this affords to them an opportunity, not to render to Caesar what is due to Caesar, but by the application of a law to every member of the judiciary, and alike to every member of the military, to make that contribution which is made by members of the public service. That is what is aimed at, that is what is secured. I have no doubt as to the validity of the power, I have no doubt as to the completeness of the authority, that rests upon this parliament to do it.

As to the propriety of it, as I have said, there seems to be no doubt when all in three classes, and substantial numbers in the other, have expressed not only willingness but an earnest desire that they might be able to participate in the work of rehabilitation in this period of depression by making their contribution to the revenues of Canada. It is in that sense and for that purpose that this legislation is submitted. Had it not been felt as strongly as we can feel any matter that could be established by reason of our conviction as to its soundness, that to reduce salaries would be a wholly improper exercise of power and an invasion of the independence of the judiciary, we would have dealt with them as the other members have been dealt with.

One word more as to the office of lieutenant-governor. I will not traverse the ground I dealt with the other evening, but I have received at least one communication from a lieutenant-governor saying he would have to leave his position even if this ten per cent reduction were made, for the reason, as the ex-Minister of Justice has said, that the salaries provided for lieutenant-governors are the salaries provided in 1867, or later in the case of the newer provinces; none of them bear any relation to the cost and expense of maintaining the office. I know of no lieutenant-governor with whom I have had any conversation or discussion who at the end of his term of office has not found himself indebted to his own private means for some sum, sometimes small, sometimes large, depending upon his sense of obligation with respect to the hospitality he dispenses.

With regard to pensions, these are not reduced by this legislation. Pensions are a matter of contract. To reduce a pension would violate the condition which I referred to a moment ago. There is the case to which the member for Antigonish-Guysborough referred, and which is within the memory of some members of this house, where we were unable to secure a chairman for the pensions appeal court. There are members in this house who might have filled that position if they so desired, but the salary was so inadequate that they would not leave their professional activities for the purpose. Some suggested that a salary of less than $1,000 a month would be wholly inadequate. We had to find a judge, not sixty years of age, who had served fifteen years so as not to sacrifice his retiring allowance, and who would be willing to serve in that difficult position. If I say we went over the entire list from one end of the country to the other and ultimately secured the gentleman of whom the member for Antigonish-Guysborough has spoken, I state the fact was known to most of us. I know that when the hon. gentleman said that a retired judge who had accepted a lieutenant-governship received his pension last year, he must have realized that that retired judge received his pension up to the time he was appointed lieutenant-governor. For my hon. friend the ex-Minister of Justice will realize that in the case of the lieutenant-governor of Saskatchewan it was determined that on a true construction of the statute he was not entitled to receive a retiring allowance while acting as lieutenant-governor; and the successors of the former lieutenant-governor of Alberta as well as of Quebec, who occupied seats on the bench, at once ceased to draw any retiring allowance by virtue of having accepted those positions under the crown. Therefore so far as they are concerned they have received no retiring allowance since they were appointed lieutenant-governors. There are members of the house receiving substantial pensions, for

services rendered to the state. No one suggests for a moment that there should be any deduction from those pensions. They had a right under the statute, if for ill-health or otherwise, on a proper compliance with the terms of the law to receive a pension of maybe $3,000, $4,000, $5,000 or $6,000 per annum. They pay income tax upon their pensions. Their pension is part of their income together with their sessional indemnity. But to reduce that pension thus earned is to interfere with an executed contract; for the contract was executed when the term of service called for by the statute had been ended and the right to the emolument completed.

That is all I have to observe with respect to this matter. I think my record with regard to the judiciary is perhaps so well known that my friends opposite to the immediate right have sometimes thought that because of my professional associations and relations I felt that the salaries should be placed far beyond what was reasonable. I still hold strongly to the view, and I desire to express my conviction as strongly as I possibly can, that the judges of this country are underpaid, and that we can never hope to make up the court of final resort which the ex-Minister of Justice has spoken of in times gone by until we are able to attract by suitable salaries during their period of active service and by adequate retiring allowances thereafter men of outstanding position in the profession, men who are leaders of the bar in the provinces whence they come. That is my profound conviction. Even in this period of depression I think no money is better spent than in placing upon the bench those who are best able to interpret the law. It is always an advantage too, for the litigant, because of the fewer appeals necessary to set right wrongs that ill practised and badly informed men execute.

Section agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. LaVergne in the chair.

1. Resolved, that Schedule A to the Customs Tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1928, chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session) and chapter thirty of the acts of 1931, be further amended by striking thereout tariff item 409q, the several enumerations of goods, respectively, and the several rates of duties of customs, if any, set opposite thereto, and by inserting the following item, enumerations and rates of duty in said Schedule A:—

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
409q	Complete parts for repairs, if imported on or before the thirty-first day of March, 1933, under regulations prescribed by the minister.			
	(i) For the implements or machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p and 439c..	Free	10 p.c.	10 p.c.
	(ii) For the implements or machinery enumerated in tariff item 409b..	Free	7½ p.c.	7½ p.c.
	(iii) For the implements or machinery enumerated in tariff item 409d..	Free	6 p.c.	6 p.c.
	(iv) For the implements or machinery enumerated in tariff items 409h and 409n..	Free	10 p.c.	15 p.c.
	(v) For the implements or machinery enumerated in tariff items 409i and 409k..	Free	17½ p.c.	17½ p.c.

2. Resolved, that any enactment founded upon the foregoing resolution shall be deemed to have come into force on the seventh day of April, one thousand nine hundred and thirty-two, and to have applied to all goods mentioned in the foregoing resolution imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for consumption for which no entry for consumption was made before that date.

[Mr. Bennett]

Mr. RHODES: There is one amendment which I will ask my hon. friend the Minister of National Revenue to move.

Mr. RYCKMAN: I move that subsection (v) of tariff item 409q, as introduced in resolution No. 1, of April 6, 1932, be amended to read as follows:

(v) For the implements or machinery enumerated in tariff item 409k, British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 17½ per cent.

Mr. RHODES: That merely eliminates 409i, which has no reference to parts and therefore has no reference to this section.

Amendment agreed to.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
549	Wool, the hair of the camel, alpaca, goat or other like animal, not further prepared than combed.. .. .. ..per pound Provided, that importations under this item, wholly the product of any British country, when imported direct from the United Kingdom into a sea, lake or river port of Canada, shall be entitled to the benefits of the British preferential tariff.	Free	10 cts.	15 cts.
599	Hides and skins, raw whether dry, salted or pickled; and raw pelts.. .. .. Provided, the importations under this item, wholly the product of any British country, when imported direct from the United Kingdom into a sea, lake or river port of Canada, shall be entitled to the benefits of the British preferential tariff.	Free	10 p.c.	15 p.c.

Mr. RALSTON: I note two changes from the item as it was last year. In the first place the date is extended to March, 1933.

Mr. RHODES: My hon. friend is dealing with the wrong item. The one to which he refers has been passed, but I have no objection to his discussing it.

Mr. RALSTON: The date is extended to March, 1933, and the words "under regulations prescribed by the minister" have been inserted. Those were not in the old item.

Mr. RHODES: Quite so. That was necessary to make sure that the intent of the original item was carried out.

Mr. RALSTON: Has the minister in mind what sort of regulations may be necessary?

Mr. RHODES: For example, that section was intended to permit the importation of parts for machines which had been purchased in the United States. Under it, however, parts of all kinds, for all kinds of machines, could be imported. The regulation was intended to make it clear that the intent of the original resolution should be carried out.

The CHAIRMAN: Carried.

Mr. YOUNG: We want to know the reason for this duty on raw wool.

Mr. RHODES: This is to implement the undertakings which arise out of the New Zealand treaty.

Resolution as amended agreed to.

Resolved, that Schedule A to the Customs Tariff, as amended by Resolution No. 1 of the sixth day of April, 1932, being a resolution to amend the Customs Tariff, be further amended by striking thereout tariff items 549 and 599, and by inserting in said Schedule A the following items, enumerations and rates of duty:—

Mr. YOUNG: Have the woollen men been consulted?

Mr. RHODES: As much as they can be in the circumstances which surround the negotiating and signing of the treaty.

Mr. YOUNG: What I have in mind is this: I believe this duty will be collected on wool coming from any country but New Zealand, but we import certain kinds of wool from China for the making of carpets. Wool of that kind is not produced in New Zealand, but from now on we are to have a duty of 15 per cent against the raw materials entering into the manufacture of carpets.

Mr. RHODES: The question of wool for carpets, mentioned by my hon. friend is under consideration at the present time. If the circumstances are as related by the hon. gentleman, as I think they are, it is quite competent for us to deal with the matter by order in council.

The CHAIRMAN: Carried.

Mr. YOUNG: No, we are still considering item 599.

The CHAIRMAN: Item 599 has been adopted. Items 409, 549 and 599 have been all adopted.

Mr. VENIOT: I think we have been proceeding too rapidly. If item 599 has been adopted it has not been so understood on this side of the house.

Mr. RHODES: I have no objection to a further discussion, if my hon. friend desires it.

Mr. YOUNG: This item has not been adopted at all.

The CHAIRMAN: These resolutions have been adopted. I have no objection to a discussion on them, if the committee consents to it, but I must say they have been adopted.

Mr. YOUNG: There has been a misunderstanding in the matter. We commenced to discuss these items, and at the request of the hon. member for Shelburne-Yarmouth the minister went back to the former item. When that discussion was concluded you called "carried" and we thought you were dealing with the former item. I believe that is the situation.

Mr. RHODES: I think that is how it came about, but I can assure the committee that I have no desire to shut off any discussion on these matters.

Mr. YOUNG: Item 599 puts a duty on hides and skins which formerly came in free. Will the minister explain that change?

Mr. RHODES: The answer I gave a moment ago applies in this case also. This is part of the agreement under the New Zealand treaty.

Mr. YOUNG: Will the minister explain how we are going to get our hides for certain specific purposes, which are not produced in New Zealand?

Mr. RHODES: My hon. friend will see that all hides are free under the British preference.

Mr. YOUNG: But all hides do not come under the British preference. We get hides from Argentine and from Texas which are required by our tanners for certain kinds of leather. These are going to be shut out and we will be required to buy perhaps kangaroo skins from New Zealand from which to make harness. Will the minister explain how this is to be done?

Mr. RHODES: My hon. friend is hardly accurate when he says that these are going to be shut out. It is true that they will be subject to the rates of duty provided for in the intermediate and general tariffs, but I think it is going a little too far to say that importations will be shut out.

Mr. YOUNG: Have any representations been made in regard to this matter?

Mr. RHODES: Yes, representations have been made.

Mr. YOUNG: By whom?

[Mr. Veniot.]

Mr. RHODES: Certain of the tanners have objected to this duty. They have alleged that there are certain classes of leather which they will not be able to obtain under either the New Zealand treaty or the British preferential tariff except by payment of a duty which may be a handicap to their industry. It remains to be seen how that will work out in the length of time provided for by the treaty, which my hon. friend knows is one year.

Mr. YOUNG: If this results in an increase in the price of harness leather there will be an increase in the price of harness.

Mr. RHODES: If certain things happen, certain results will ensue. However, I do not want to follow my hon. friend in an argument of this kind.

Mr. VALLANCE: Why do the tanners object, if it is not because of the fact that they will have to increase the cost of leather? Some time ago, when dealing with a wheat grower in western Canada, the Prime Minister (Mr. Bennett) said that the only way the farmer could hope to meet the competition of Russia, the Argentine and other countries with which he has to compete on the open market would be by a reduction in the cost of production. If the cost of leather which goes into harness is to be increased, there will be an automatic increase in the cost of production of wheat.

Mr. RHODES: If the cost of leather is increased as a result of this duty it seems to me there will be an increased opportunity for our farmers to supply the leather which hitherto has been imported.

Mr. BROWN: Is this duty on hides the result of negotiations in connection with the New Zealand treaty?

Mr. RHODES: Yes.

Mr. BROWN: Then I have a few remarks to make on the subject. For a number of years past an agitation in this house for the imposition of a duty on hides has been carried on by those who presume to speak for the farmer, vigorously opposed by others who perhaps have the right to speak for the farmers. I have given some consideration to this subject, and on more than one occasion I have urged that the imposition of a duty on hides would mean nothing to the farmer but would impose a burden upon the tanners who are compelled to buy large quantities of hides of a quality not produced in Canada. Since the matter has been brought before us in this form I think the time has come when we should be prepared to give more attention

to the arguments advanced in the past, and I shall take up a little time in referring to some of the objections urged to the imposition of a duty on hides.

I have taken the position that such a duty would mean nothing to the farmer, while it would mean a great deal to the tanners; and the next step would be an additional burden upon the farmer because of the increased price of leather. There seems to be a misapprehension in the minds of many who consider that all hides are alike. There is as much difference between hides as there is between textiles. The hides produced in Canada are not the kind wanted by some of the large tanners. I do not think I can do better than to quote from Hansard and repeat the arguments which I have used at different times in the past. I shall not quote in full my remarks in 1926, but in part I said:

Mr. Cahan: And you suggest that we cannot grow the heavier hides in this country?

Mr. Brown: Yes. In proof of my statement, there are tanneries that do not use a single pound of Canadian hides because they do not serve their purpose.

Some hon. members plead for the industries of Canada, and the hon. member for Muskoka-Ontario (Mr. McGibbon) some little time ago spoke of tanneries that were closed up. Yet these hon. gentlemen, appealing to the prejudices of the farmers on this question of imported hides, are advocating a policy which would mean that these tanneries could not get the raw material that they want. The result would be the tanneries would be closed, the men would be out of employment, and we would lose a tremendously profitable business. That it is a profitable business I am going to show the house by further figures. In dealing with hides we must take into account leather. An hon. gentleman a little while ago asked about unmanufactured leather. I will give the figures. They refer to leather that we export, which business would in large measure be shut off if we did not purchase these other hides:

Harness leather	$ 385,568
Sole leather	2,324,961
Upper leather (probably very largely made out of our own local hides)	4,580,892
All other leather	92,467
Total exported	$ 7,383,888

Those were the figures for the fiscal year 1925. My remarks continue:

Now, bear in mind that the following figures are for our imports of unmanufactured leather, namely, $3,954,482 worth. In other words, our excess of exports is well over $3,000,000. I want to remind the house that of those exports there went to the United States—the country that we cannot compete with—out of the total of over $7,000,000 worth the very large proportion of $5,311,184 worth. This is the kind of trade that these gentlemen want to stop. At least, they would stop it if we carried out the policy they are advocating, for that would necessarily be the result of putting it into effect.

I took the matter up again in the session of 1929, at which time I dealt with it somewhat along the same lines. I said on that occasion:

Let me refer to the question of hides and skins. The hon. member for South Wellington (Mr. Guthrie) quoted figures to show that we were importing $14,000,000 worth of hides, $10,000,000 being from the United States, while we were exporting about a similar amount; and he indicated something to the effect that these were simply cross entries and that we might wipe the whole thing off the slate and use our own hides instead of importing from the United States.

Mr. COTNAM: Was the hon. gentleman then speaking as a Progressive or was he speaking then, as he is to-day, as a Liberal?

Mr. BROWN: I was expressing the same sentiments I have always expressed since I have been in the house. I have never varied in my stand on this matter, so it does not matter what you call me. My remarks continue:

If the hon. member had taken more than a superficial view of the question he would not have assumed that position. It is true that we import hides to the value of $14,000,000 odd, from the United States $11,164,668, while we export to the United States $11,266,660 worth of this product.

But there is this point to which I would call the attention of the house: that class of hides which forms the great bulk of our imports and exports consists of raw cattle skins, that is, the heavier hides. Now, on the hides we imported we paid a little more than twenty-three cents, and for the hides we exported we received nineteen cents. Someone may say, "That is bad business; why export hides at nineteen cents and import at twenty-three cents?" But a little close thought will surely convince anyone that there is a reason for this. The Canadian tanner is surely a business man who can be trusted to buy what suits him, and therefore he pays that twenty-three cents for the class of hides he wants because he cannot get them in Canada. When I made a similar statement three years ago it was absolutely endorsed by Colonel Mullins, of Marquette, who has had a large experience in the cattle business and is familiar with the tanning industry. He absolutely endorsed the statement that the class of hides—or at least a large proportion of the hides—which the Canadian tanner requires cannot be obtained in Canada, so that he is obliged to go elsewhere for them. But we cannot consider this question of hides by itself; we must take into account the whole business of buying and selling hides and tanning them into leather, and also the selling of the leather. I notice that we sell to the United States such grades of leather as harness, sole leather, upper leather, with a very small quantity of other leathers, the total being $7,682,521. That is the country with which we cannot compete in these matters. So that the total figures would indicate a situa-

tion something like this: our excess of exports of hides and unmanufactured leather, so far as the United States are concerned, gives a favourable balance—to use the term which is commonly employed—of something over $3,000,000; and taking our total exports into account we have a favourable balance of about $1,500,000. Now, if by one stroke of the pen a duty is imposed on hides, what do we do? We simply make it so much more difficult for the manufacturer, the tanner, to obtain his raw product, and we strike at this very profitable business which he is carrying on with the United States and other countries, securing no benefit for ourselves. The probability is that if we insisted on handicapping the manufacturer of leather in that way we should put him in the position where he would not be able to pay as good a price for that proportion of our own hides which he now uses.

Mr. SPROULE: Would the hon. member tell us what hides are worth now?

Mr. BROWN: As a matter of fact that has nothing to do with the question. The price certainly has not improved since the present government came into power, if that is of any interest to the hon. member.

Mr. SPROULE: If the hon. member knows what hides are worth now, let him tell us. Apparently he does not want any tariff on them, yet he cannot sell them.

Mr. YOUNG: They cannot be sold under this legislation.

Mr. BROWN: If the matter had ended there, perhaps I might have said little more, but last year the Prime Minister, then acting as Minister of Finance, increased the duty on leather. We had taken the position that we wanted to secure to the tanner his raw product at a price at which he would be able to compete with other countries. The thanks we got was an increase in the duty on leather. I went into the matter fully last year, and I thought of bringing it before the house, but the session was rather advanced and I did not give what I had intended, so I contented myself with asking a few questions.

Mr. COTNAM: Can the hon. gentleman tell us at what price the tanner would like to get his raw product? I understand you cannot get fifty cents a hundred for it to-day.

Mr. BROWN: I said that I contented myself with asking a few questions. When the Prime Minister, then Minister of Finance, brought the matter before the house, I asked:

> Mr. Brown: How is sole leather affected by these changes?
>
> Mr. Bennett: Sole leather is dealt with by item 604, which has just passed. However if the hon. gentleman desires information I shall be pleased to give it.

[Mr. Brown.]

Mr. Brown: In view of the fact that the exports of sole leather are enormously larger than the imports, an increase of that kind would seem to be altogether unnecessary. The imports are trifling as compared with the exports.

I understand that the tanners have been greatly exercised over this duty that is to be imposed on hides coming from outside the empire. If they were the only ones who were to be affected, in view of the little thanks we got for trying to help them in their business, I would be willing to let them stew in their own juice. But they are not the only ones concerned. This means simply that when a farmer goes to buy a set of harness, he will have to pay the increased price for it, because, let me emphasize again, the best harness, sole and belting leathers are made from hides that have been imported from the Argentine, Uruguay, the southern states, and not from hides produced in Canada. Therefore the argument that this will benefit the Canadian producer of hides in any way, is not well founded. It means simply that our tanners will have to pay an increased price for the high-class hides they see fit to buy and the farmer, in the sale of his hides, will benefit nothing.

I telephoned to the Bureau of Statistics to-day to get the statistics for the fiscal year 1932. They have not come to hand yet, so the latest figures I can give are those for the fiscal year 1931. I find I have neglected to bring with me the figures concerning imports and exports of hides, but I have those with regard to leather. The imports of leather are as follows:

Belting leather	$ 91,643
Harness leather	1,673
Sole leather	116,219

That is, we imported of these heavy leathers only about $209,537 worth. It is true that we imported other leathers to the amount of $4,311,261, but the great bulk of those was leathers of fine classes that are evidently made in very limited quantities in Canada. On the other hand, these are our exports of leather:

Harness leather	$ 374,034
Sole leather	1,100,933
Upper leather	2,550,751

That is, of the classes of leather that are made out of these high class hides, we exported over $4,000,000 worth, and of all other leathers which, I said, are made in small quantities in Canada, we exported only $46,946 worth. Unquestionably the result of this verbal understanding that the minister had with New Zealand, that on his return to Canada he should have a tariff put upon hides, has landed us in this position: we do not benefit the farmer who sells hides, because

the price of the class of hides that he produces will not be affected a particle, and we compel the tanner to pay a higher price for the hides he uses. He will recoup himself by charging the local consumer a higher price for harness leather. He also will be handicapped in the export market. That is a very striking illustration, Mr. Chairman, of the effect of interfering unduly with the course of trade. In this case it is of no benefit to ourselves; it is an injury to the tanner and an injury to the country to have this very valuable trade interfered with.

There is another point I should like to emphasize at this moment, and perhaps it has a bearing on the principles that will be followed at the coming Imperial conference. Evidently our Minister of Trade and Commerce came to a verbal understanding with the representatives of New Zealand that he would come back home and have a duty imposed on hides. It is a very serious thing if in our trade agreements we allow a country with which we are dealing to insist that we shall alter our own tariff. Let us give them whatever advantages of our tariffs we have to offer, but I say it is pretty serious if we are to accept dictation from outside as to what we shall do with our own tariff. That was just the mistake which the Prime Minister made when he went over to England last year. We on this side have always taken the position that we were content to take whatever preferences the British people offered us in their markets, but we absolutely refused to interfere with the business of the United Kingdom and to say what they should do with regard to their tariff. It is true, I know, that the Liberal government in making the agreement with Australia did adopt that principle with reference to raisins, but it must be remembered that the duty on raisins was not in any sense a protective tariff, but entirely a revenue tariff. I want to insist that if there is any disposition to allow other nations to say what our tariff shall be, we are heading straight for disaster. We can never hope to build up a united empire that way. We can only hope to build up a united empire by each country within the empire retaining complete freedom in the making of its own tariffs. I think I have shown quite conclusively, Mr. Chairman, that the result of this verbal agreement which the Minister of Trade and Commerce made with New Zealand and which the government now seeks to put into effect—I suppose it will have to be done in order to keep faith with New Zealand—cannot be anything else but bad both for the tanners and for the Canadian producer of hides.

Mr. SPROULE: I think the hon. member for Lisgar is entirely off the track in talking like that. There is practically no market for hides in this country. The hon. member says it will not benefit the farmer. What is he going to do with his hides? Is he going to bury them? What is the reason for hides being the price they are to-day? The hon. member is talking about prices of hides three or four years ago. Does he not know that hides are not worth anything to-day? He is off the track entirely.

Mr. BROWN: The arguments which I combated in 1926 and 1929 were the same arguments which hon. gentlemen are using to-day when hides are worth almost nothing as compared with twenty cents a pound a few years ago.

Mr. SPROULE: They are not using hides at all of the type my hon. friend was speaking about.

Mr. BROWN: Is it not a fact that some of the large tanneries in Canada do not use a pound of Canadian hides? But, generally speaking, the tanneries are using a certain proportion of our own hides and will continue to do so under any circumstances. I think, Mr. Chairman, that when the argument I have used is given consideration it will be found that it is perfectly valid.

Mr. MULLINS: This is one time I find myself in agreement with the hon. member for Lisgar. I do not want to do anything to raise the price of harness leather or of harness to the farmer in western Canada, because the farmer in western Canada is going back to horses; he is tired of the tractor. The hon. member for Lisgar is quite right in his statement with reference to hides. I put some money into a tannery in Winnipeg and tried to tan hides. I do not forget it and I shall not forget it for some time. The hides in Canada are not suitable for harness leather. My hon. friend is quite correct in that statement. If they were, why does the Lang Tanning Company in Kitchener go to South America and the United States for their raw hides for making harness leather? The hides we have in Canada, unfortunately, are covered with barbed wire scratches. Any man who puts his money into a tannery in Canada—and there have been two of us in Winnipeg—will soon learn from experience. I am totally in agreement with what the hon. member for Lisgar has said with regard to hides, and I do trust that something will be done so that the price of harness leather and the tariff on hides entering Canada will not be raised because, as I said, Mr. Chairman, the farmers are going

back to horses. I am sorry that a good many of my friends on this side will not agree with me, but I felt it necessary to support the statement of the hon. member for Lisgar. I listened very closely to what he said, and he was quite correct in his statement.

Mr. EULER: As one who comes from the city which is the home of perhaps the largest tannery in the British Empire and of still another tannery of very considerable size, I might say a word with regard to this matter.

In the first place I will admit that in any treaty, and this provision is the result of a treaty with New Zealand, there must be give and take. If the New Zealand producer of hides would benefit by the imposition of this fifteen per cent duty it would be an argument for it, but I am told, and I think correctly, that New Zealand hides are not suited for the making of harness leather or of sole leather either. If this provision helped the Canadian producer of hides it would be an argument for it, but the same thing applies to Canadian hides as applies to New Zealand hides. They are not suitable for making the kind of leather of which we are speaking.

Something has been said as to the export trade in leather. My hon. friend from Lisgar stated that if it is true that the duty of fifteen per cent must be paid on these hides that are imported from the Argentine—the Lang Tanning Company at Kitchener and I believe all the Canadian tanneries import their hides from the Argentine—it must necessarily increase the cost of producing leather, and thus make it more difficult to compete with other countries in the export market for leather.

Mr. RHODES: How does it interfere with their export business when they are entitled to a drawback?

Mr. EULER: I was going to make this comment, and perhaps it will answer the minister. It is unfortunately true that whereas two or three years ago one large tannery in the city from which I come exported more than half its product to the United States, where it had free entry, at the present time, since the United States has increased its tariff, its export business to the United States, in fact practically its whole export business, has been discontinued. It can no longer get into that market. That perhaps will answer the minister. The question of export business to my mind does not arise at this time.

Mr. RHODES: Except that my hon. friend is proceeding to deal with the handicap to their business.

Mr. EULER: No, I was not; I was merely attempting to answer a remark made, I think, in error, by an hon. member on this side of the house. I understand the export business in leather has been practically cut off because of tariffs in other countries being increased, and it is no longer possible to send leather to other countries.

The only point I wish to make is this: The imposition of the duty will no doubt increase the production costs of leather. The tanner will reimburse himself by increasing the price of the leather to the consumer in Canada. If you were going to get some benefit out of it by helping the New Zealand producer of hides, or if you would help the Canadian producer of hides, then I would say there is an argument for the duty. As I see it, however, the only possible benefit that can come to Canadians is by way of added revenue on hides imported from the Argentine—because they will still be imported from that country. The only benefit which will come to Canadians will be through the increased revenue brought about by the imposition of a duty of fifteen per cent. Against that we must set this: It increases the cost of leather to the Canadian consumer.

In that connection I should like to say a few words in regard to the contention of the hon. member for Marquette. It is perfectly true there has been an increase in the production of harness leather. The Lang Tanning Company of Kitchener was mentioned, and may I say that they are producers of sole and harness leather. At one time they produced only harness leather, and then owing to the fact that the horse has almost disappeared they became tanners of sole leather. I am told that within the last few months they have had great increases in the sale of harness leather to western Canada. The farmers of western Canada, for reasons of their own,—perhaps because they cannot afford to use tractors, or because of the high price of gasoline,—have gone back to the use of horses, involving the use of harness leather. As a result the business of tanning harness leather in the city of Kitchener has been stimulated. What will come out of this legislation would be an increased price of harness leather to the farmers in western Canada. I do not see any corresponding value, except through added revenue. If this is a measure for the production of revenue, I can see no other arguments.

Mr. BAKER: Is it not possible the Argentine will reduce its prices to meet competition? That is invariably the case.

Progress reported.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. LaVergne in the chair.

Customs tariff—599. Hides and skins, raw whether dry, salted or pickled; and raw pelts: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Provided, that importations under this item, wholly the product of any British country, when imported direct from the United Kingdom into a sea, lake or river port of Canada, shall be entitled to the benefits of the British preferential tariff.

The CHAIRMAN: Is the resolution carried?

Mr. YOUNG: No, Mr. Chairman. Before dinner, replying to the member for North Waterloo, the minister said there would be a drawback on the exported leather. Where is provision made for that?

Mr. RHODES: I am waiting for the commissioner of taxation, who has the documents with him. Perhaps in the meantime we could proceed with some other point.

Mr. YOUNG: Then this is the next point. I take it that the promise was made to the government of New Zealand to impose this duty of 15 per cent on hides coming from other countries with the idea of supplying our present market from New Zealand rather than from South America or wherever we are getting hides at the present time. What steps did the government take to assure themselves that the New Zealand hides would be satisfactory for the purpose for which the hides they are hoping to replace are used?

Mr. STEVENS: I think, Mr. Chairman, as the hon. member has asked me a question on this matter, I might as well at this time say a few words upon the subject dealing with one or two different observations made this afternoon by other hon. members. The apprehension expressed by hon. members on the other side of the house and by one or two on this side regarding this matter is, I think, unduly stressed. The situation with respect to the import of hides is one to which personally I have given a good deal of thought. Like a number of other items of imports of raw materials, as I indicated in some remarks I made to the house a few weeks ago, hides are not moving as normally we would expect them to move. It is quite true that hides, together with a number of other articles of raw materials, have been on the free list for a good many years, and normally one would expect they would come to Canada from the country of origin; but this has not been the case, and this article is perhaps a very excellent illustration of the situation. I have before me now the trade returns for the fiscal year 1931, and they show that importations of hides from the Argentine averaged 70,000 pounds weight for the five-year period from 1927 to 1931, inclusive, and from the United States 275,000 pounds weight.

Mr. MALCOLM: Has the minister any knowledge of how many Argentine hides are included in the American imports?

Mr. STEVENS: That is precisely the point I am going to make. A very large proportion —my investigations have not disclosed exactly how many, the reason for which I will explain in a moment—a very large proportion of these hides that we buy in the United States are Argentine hides that enter New York free. New York acts as a sort of free port zone for merchandise destined for Canada. As I indicated the other day, this very important item of trade accrues to the credit of the United States so far as the Argentine is concerned, and Canada gets no credit for it at all. My own opinion is that it is highly desirable to ensure the movement of trade directly from the country of origin to Canada, if it is possible to do so, because it will give to us in that market an enhanced credit, which will enable us in turn to sell our goods there. I am now dealing with the broad general principle, which I think ought not to be lost sight of.

Now, it has been alleged that we do not produce hides which are required by the tanneries for certain purposes, such as harness leather, sole leather, and so forth. I think undue weight is given to that statement. In part it is quite accurate, but to say we can get no hides in Canada suitable for those purposes is not a fair statement. It is, however, a fact that the producers of raw hides in Canada have not developed as good a system of sorting and marketing as characterizes, for instance, the New York or the Argentine market; and there can be no doubt that so far as the Argentine producers are concerned they have a more uniform production of hides of a certain type and class.

I have received quite a number of criticisms from producers of hides in this country that in the negotiation of the New Zealand treaty we were not looking after their interests sufficiently in leaving hides on the free list. It has been argued that by leaving hides from New Zealand free, and by having the British

preference free also, we are doing something to affect prejudicially the producers of hides in Canada. It is true that the tanneries, though I cannot say I have received representations other than one or two very moderate letters, may think they have cause for complaint in the fact that we are imposing duties of 10 per cent and 15 per cent under the intermediate and general tariffs. In the first place I submit to the house that there is a general system of dumping going on the world over. Many countries are practising dumping in a manner that has never been witnessed before, I suppose, in the history of external trade; they are exceedingly anxious to develop their exports, to correct adverse balances of trade and also to bolster up their own exchange by increasing exports. The result is that with the low prices of commodities there is a tendency to disregard almost entirely home values and to export goods at almost any figure procurable. I have not under my hand the present day prices of hides, but I know they are exceedingly low. A few days ago, if my memory serves me aright, I saw quotations as low as two cents a pound, and I understand that Canadian producers—I will not say farmers, because probably they would get even less—are being paid from one cent to one and one-half cents per pound by the dealers. Obviously a duty of 10 per cent or 15 per cent on hides, with the present condition of the market, is not going to affect the leather situation to any extent at all. The effect would be so small upon the finished product that it would not be noticeable.

Mr. McGIBBON: What authority has the minister for that statement?

Mr. STEVENS: My authority is the figure to which I have referred, the very low price of the commodity, which is unquestionably below anything that might be considered the cost price of this article.

Mr. YOUNG: If the duty is so small that it will not make any difference, will it not be futile and useless?

Mr. STEVENS: The duty is imposed as one of the conditions of the negotiation of the treaty. My point is that the treaty is for a year. The New Zealanders will be here in July and August, I suppose, at the Imperial conference, and during that period we intend to discuss with them the terms of the treaty and the possibility of its extension beyond the period of a year. As a result of the conference we hope that such matters as are outstanding, which may present some difficulties at the present time, may be finally determined.

[Mr. Stevens.]

My submission to the committee is that under existing conditions, with the present low price of the commodity, the duty imposed is not going to seriously affect the business. In the second place, it must be borne in mind that there is a very substantial duty on leather goods. I have the rate under my hand but had not time to look it up before I rose to speak. At any rate there is a very substantial protection with regard to the finished article, and the added value that goes into the finishing of these hides in the form in which they are marketed so greatly exceeds the cost of the raw material that the ad valorem rate of duty will not affect the finished article to any great extent. Unquestionably it will affect it to a degree, but one must keep in mind the relative values of these different commodities.

I should like now to say a word to the hon. member for Lisgar, who referred to this as a case of another country dictating our tariff. That is not so. In any negotiations looking to a treaty there are bound to arise conditions which call for changes, amendments or adjustments in existing tariff rates. This is one of the items which called for an adjustment, just as on the other hand I think there were one or two items in connection with which New Zealand would have to amend its tariff to meet the conditions of the treaty.

My hon. friend across the way asked if I had given the matter any thought. I can assure him that I have given the matter a great deal of thought. It would not serve any purpose to now go through all the processes of thinking—

Mr. YOUNG: I do not think my hon. friend caught my question. I did not suggest that he had not been thinking; I wanted to know if he had taken any steps to assure himself that the New Zealand or Canadian hides would fill the place of the Argentine hides which it is now intended to replace.

Mr. STEVENS: My own opinion, if it is worth anything, is that to a certain degree Canadian hides may meet the requirements of the tanneries.

Mr. YOUNG: They may?

Mr. STEVENS: Let me make that point quite clear. I do not say for a moment that they will fully meet those requirements, but I want to point out to the committee that it has always been the practice of any industry which has established certain contacts for its materials to emphasize the difficulties imposed far beyond the actual burden, when anything is done to interfere with the normal routine

of their business. That is almost axiomatic; you find it in every case, and I have never seen it fail. The moment you interfere with the ordinary practice of private industries an extreme interpretation is placed upon the difficulty which is thus imposed. I do not think the interference with the business of the tanneries will be a matter of very great significance, and I think in part they will be able to secure, from the existing supplies of hides in Canada, materials that will serve their purposes, but not as conveniently, not so well assorted, not marketed in such large quantities as is the case in New York, where they are well graded and readily available. To a degree, however, I think hides from other countries can be replaced by Canadian hides, and to a degree also by Australian and New Zealand hides. This should give Great Britain a chance to market some green hides here—not that I think Great Britain is a producer of hides, but she certainly is just as good an assembler of hides as New York is, and I see no reason why she should not get a share of the business. Perhaps I ought not to say this, but I will take a chance—I think an opportunity is being afforded of opening up negotiations with the Argentine which may bring about distinctly advantageous results. Trade relations between Canada and the Argentine certainly have to be improved. There is an excellent market in that country for a wide range of manufactured articles from Canada, and we can buy but little in return, but one product which we can buy is hides. I see no reason why there should not be some arrangement entered into with that country. As far as certain classes of hides are concerned, New Zealand will have a distinct advantage, and that is what we expect and desire.

Mr. VALLANCE: In the event of Great Britain becoming an assembler of hides, would that automatically do away with the tariff now prevailing against those hides which may be gathered together in Great Britain and then shipped to Canada?

Mr. STEVENS: I think it is open for us to deal with that matter should it arise.

Mr. McGIBBON: Coming as I do from a riding in which is located the largest tannery of sole leather in the British Empire, I think I should say something in this regard. There are two lines of thought in this matter, one academic and the other practical. The minister has a laudable object in view when he desires to transfer to New Zealand the business in hides, but he may not be aware of the fact that this is practically impossible. New Zealand hides are useless for the manufacture of sole leather. They are largely cow hides; they are thin and will not make good sole leather. The market for hides is not in New York, as the minister says, but in Chicago and the Argentine. I refer now to that market outside of the local domestic market. Under this treaty duties of ten and fifteen per cent are being placed upon the raw material for the manufacture of sole leather. How can this country go out into the markets of the world and compete with England and every other country, with the exception of the United States, where hides are allowed to enter free? A handicap of fifteen per cent is being placed upon the tanneries of this country. I am credibly informed that if things stay as they are, every sole leather tannery in this country will be put out of business. The minister speaks lightly about this matter, but my information is that a duty of seven and a half per cent will be required on manufactured leather to equal this duty of fifteen per cent on the raw material. The manufacturers of sole leather in this country are taking all the hides that are available in Canada, and would take hides from New Zealand if good sole leather could be made from them, but that cannot be done. Something is being done in connection with this industry which has never been done with any other—a duty is being placed on its raw material.

I think I have a right to protest against the putting out of business of any industry, especially one located in my own riding. That is what this treaty is going to do should it go through in its present form. England allows hides to enter free and she is our main competitor in the world market. How are we to compete with England when a duty of fifteen per cent is being placed upon the raw material? There are only two courses open; either more protection must be given to the finished article, or an additional cost must be placed upon the consumers of this country. I contend that both these methods would be wrong. I tell the minister quite frankly that he is absolutely on the wrong track. If good sole leather could be made out of New Zealand hides, they could have been used in the past. The tanneries are scouring the earth for hides; they are bringing them from China and Japan, but the principal market is in Chicago and the Argentine. The hides obtained from those markets are the only ones that will make first class sole leather. New Zealand hides will not do it. I object to the way this treaty was born and the way it was put through the house. Men have spent their time and

money during the past fifty or seventy-five years in building up this industry, and for a number of years they have been operating at an actual monetary loss in order to keep going; then the government comes along and puts duties of ten and fifteen per cent on their raw material. I protest against the whole thing; it was wrong in its conception and it is wrong in its application.

Mr. LOUCKS: What about the Canadian producer?

Mr. McGIBBON: The tanneries have taken every Canadian hide available. The only people to be affected by this treaty will be the packers. They have been withdrawing their hides from the market ever since the treaty was announced. They are the ones who will benefit, not the farmers who are producing hides.

Mr. RHODES: The hon. member for Weyburn put a question, and at the moment I had not the record before me. If he will look at section 286 of the Customs Act, chapter 42 of the revised statutes of Canada, 1927, he will find the drawback.

Mr. POWER: Has the minister answered the hon. member for Muskoka-Ontario?

Mr. BROWN: In view of the speech that the hon. member for Muskoka-Ontario has made, I should like to say a word. I am delighted to hear him speak as he has done; it gives us some reason to believe the gospel we have been trying to preach for the last six or seven years is beginning to be accepted. If I remember aright, the hon. member was one of those who in 1926 made a speech which moved me to speak as I did in the address that I quoted this afternoon.

Mr. McGIBBON: Never in my life did I advocate a duty on raw material.

Mr. BROWN: I am well aware that on the general question of duties the hon. member for Muskoka-Ontario spoke of the tanneries that were going out of business. I am sorry for the Minister of Trade and Commerce, because he certainly laboured hard when he was endeavouring to show why this proposal should be endorsed. He did not speak with his usual fluency and authority. He spoke of the possibility of Great Britain becoming an assembling place for hides. I presume the thought in his mind was that those hides would go there from the Argentine. I wonder how New Zealand would accept that way of getting around the agreement we have made—that is, to have the hides shipped to Great Britain and thence to Canada. That would seem to be a method of getting around the agreement with New Zealand, but I cannot imagine how she would view it.

Mr. McGIBBON: Great Britain imports about seventy-five per cent of her hides.

Mr. BROWN: I do not think we can emphasize too strongly the fact that our hides are suitable for certain purposes, and I believe they are used to the fullest extent possible for those purposes. In the figures I quoted this afternoon I mentioned that large quantities of upper leathers were imported. I imagine the greater portion of the upper leather in our ordinary shoes can be made from Canadian hides. But I want to point out that in constantly increasing ratio the cattle which are being slaughtered in Canada are the smaller ones. Even when Great Britain was taking a smaller steer than she is willing to take now, the large animals were going across the seas, and the reason our Canadian cattle are not suitable for the making of hides lies in the fact that the great bulk of our cattle slaughtered here are small ones that do not produce heavy hides, so that what they produce is not suitable for our tanners who have been buying from the Argentine. There is reason to believe that New Zealand hides are of the same quality. New Zealand is not a beef country, as the Argentine is; she is a dairy country, and there is no reason to suppose the qualities of New Zealand hides are in any degree different from our own. The probability is that they are in the same class, and they will not replace the hides which we have been getting from other countries.

Mr. YOUNG: The Minister of Trade and Commerce, in answering my question as to what assurance he had that our hides or New Zealand hides would be satisfactory in place of those from South America, told us that the tanners or manufacturers were prone to exaggerate or over-emphasize the difficulty that any change such as this would make in their operations. He thinks the Canadian hides may be satisfactory and may not interfere very seriously with the business of the tanners. Because he holds the opinion they may not make very much difference, he feels justified in playing with the tanners, as it were, throwing difficulties in their way and telling them they had better overcome them. As regards the question of insisting on direct shipment from the Argentine to Canada instead of the Argentine hides being bought on the Chicago market, if our manufacturers buy hides in Chicago there must be a reason for their

doing so. If it would pay them to import the hides directly from Argentina, that is what they would surely do. It must be more profitable for them to buy their hides in Chicago.

Mr. McGIBBON: They buy them both ways.

Mr. YOUNG: I have no doubt the reason is that, Chicago being an assembling place for hides of all kinds, the buyers have a greater opportunity there to select what they want. If you impose customs duties which make that impossible, you put upon the Canadian tanner the necessity of sending somebody to Argentina to pick up the hides, thus rendering his business more expensive. In regard to the duty being only 15 per cent and the hides only one-half cent per pound, it is said that this will not amount to very much. I suppose 15 per cent of nothing is nothing, but hides are not going to remain at that price. What will happen when the price advances?

Mr. STEVENS: Ten per cent from Argentina.

Mr. McGIBBON: I might inform the hon. member that the duty to-day is equal to seven and a half per cent on the cost of the finished product.

Mr. YOUNG: As the price of the raw hide advances, it will be still more. To my mind the most amazing statement which the minister made was that by this treaty he hoped to divert to New Zealand the trade which we have now with Argentina. Then he hopes to enter into another treaty with Argentina to switch the trade back again. Surely this ought to be a lesson to us or our government as to what they should or should not do at the Imperial conference. In this we see the direct result of an attempt to divert trade. It is much easier to kill than to divert trade. We are putting obstacles in the way of our trade with Argentina in the hope that that trade will switch to New Zealand. The result will be that we shall lose the trade entirely. This should be a warning to the government to do nothing at the Imperial conference to try to build up empire trade by putting obstacles in the way of trade outside the empire. You can very seldom divert trade, but you can always kill it.

Mr. MALCOLM: I do not wish in any way to embarrass the minister by opposing this resolution. A few days ago, speaking on the New Zealand treaty, I was able to compliment the Minister of Trade and Commerce on the treaty which he had made with New Zealand, but on that occasion, due to the fact that I had not had time to study the New Zealand treaty, I had no knowledge that it was the intention of the minister to introduce a budget resolution making a duty applicable to hides from Argentina and other countries. I think some remarks which were made this afternoon and this evening with regard to the injury which would be done to the Canadian hide business were made because there was not a complete understanding of the difference between Argentine and Canadian hides. If hon. members will just realize that there is no other country in the world producing beef cattle as large or as uniform in size as the Argentine; that in that country barbed wire is not permitted for fencing; that there are no warble-flies or insects which destroy a hide, and that probably the hides of Argentine steers are taken off by as expert abattoir workers as there are in the world, they will appreciate why for size and freedom from defect, for weight and quality, the Argentine hide has become the accepted hide in the world's sole and harness leather business. Our Canadian tanneries have developed from very small industries using domestic hides. The Lang Tanning Company in the city of Kitchener, to which the hon. member for North Waterloo referred, is the last of thirty-seven tanneries formerly operating in that county. This industry has developed into the largest tannery in the British Empire, under free trade with the various countries of the world on leather and hides. Therefore, given free trade, our Canadian tanners have held their own in producing harness and sole leather with the tanners of other countries. True, Canada imports certain fine leather for shoes and upholstering, but speaking broadly Canada has gained very much by the tanning here of foreign hides. Before anything is done which will interfere with the price of raw material required for the foreign or domestic leather trade, a great deal of consideration should be given to the subject. I quite realize that the minister in making his treaty with New Zealand encountered a lot of difficulties, and I quite sympathize with him in those difficulties. But what has been said by my hon. friend from Muskoka-Ontario with regard to the suitability of New Zealand hides for making sole leather is absolutely correct, and I am assured by those engaged in tanning harness and sole leather that it is utterly impossible to make the type of sole leather, from the hide of a dairy cow that would be suitable for the markets of the world.

There are two phases of this situation. One the member for North Waterloo in a very few words ably pointed out to the minister, namely that he had to choose between one of these two things: He would derive a certain revenue by applying this duty on hides, but he had inevitably to face higher prices on harness and sole leather to the consumers in Canada. That phase is of interest. My hon. friend from Muskoka-Ontario is interested in an entirely different phase. He is interested in whether the producers of sole leather in Canada are going to be able to hold the Canadian market. They will now have to pay duty on hides from the Argentine, the very type of hide that is wanted, and the hon. member for Muskoka-Ontario is interested to know whether the Argentine hide tanned in Great Britain into sole leather is to be permitted to enter Canada free. If that is to be the case, and sole leather is to enter Canada free of duty, then of course the whole market will be lost to the Canadian tanner. If, on the other hand, the minister is prepared to give the Canadian tanner what he considers an adequate tariff on sole leather from Great Britain, that adequate tariff must be added to the cost of sole leather to the consumer in Canada, and we revert once more to the position put by the hon. member for North Waterloo, that the ultimate cost of this duty is going to be on the consumer of sole leather in Canada.

The hon. member for Marquette raised a point of very great interest this afternoon. It is impossible to make from Canadian hides the type of harness leather required. You cannot get the lengths of cut required, and Canadian hides are of poor quality, with too many scratches, too many tears and too many cuts. They are not the type of hide that tans easily. The tanner has certain operations through which he must go, and a vat full of poor hides takes just as much time to handle and uses just as much liquid in the tanning as a vat full of good hides, so it is only natural that the tanner desirous of making a profit on his industry wants to start with raw material of the highest quality and that will give him the smallest percentage of waste. So even if Canadian hides are used to as great an extent as they can be used, there are certain types of leather which cannot well be made from them, and the whole market, domestic and foreign, for certain types of leather will be lost to the Canadian producer unless the proper type of hide is used.

There is another feature which I believe is of just as great importance as anything else, and that is the question to which the minister has referred. There are not many commodities that we can buy from the Argentine republic. The Argentine republic has been one of Canada's very good customers, and if the spirit of this treaty is to destroy our market in the Argentine the reflex loss through the treaty will be more disastrous to us than any advantages that may otherwise accrue from it. Like my hon. friend from Weyburn I simply cannot understand the minister's remark that having negotiated this treaty with New Zealand he proposes to use it as a club over the Argentine to make a more satisfactory treaty with that country. We have already a trade with the Argentine which is tremendously favourable to this dominion, and I would be very loath indeed to disturb this trade, particularly when the balance is very much in our favour, and particularly when the Argentine supplies us with a commodity which our manufacturers require. I quite realize the desire of New Zealand to market a lot of hides, but I am going to say to the minister that I am told by those who know whereof they speak that New Zealand is simply not able to supply Canada with enough hides to replace the hides now coming in from the Argentine republic. I am told that the tanners are willing to do everything they possibly can to increase the use of New Zealand and Australian hides, but they do not want to be deprived of securing the class of hides which they really require in their business.

I know that in dealing with the New Zealand government the minister unquestionably had so many items to consider that it would be physically impossible, without an unusual amount of advice on every subject, to know all that should be known in negotiations of this kind. I am not blaming the minister if on some small points of the treaty he was not able to present the viewpoint of those affected as fully as he might be expected to do. I believe he has not given this question of hides his usual careful thought, otherwise this part of the treaty would not be under discussion in the parliament of Canada to-night. None of us on this side of the house wants to oppose a treaty within the empire, a treaty which is replacing an old treaty. Some items in the new treaty I do not think are as desirable as what the old treaty contained; other items may be more desirable, but here is an item in which the very boast of my hon. friend's party is being neglected entirely. My hon. friend's party has always said: We are going to better conditions in Canada by helping industry and creating employment. If

this item does what the tanners of Canada think it is going to do, it will eventually cause serious unemployment. There can be no question about that. My hon. friend from Muskoka-Ontario, who is noted for his loyalty to his party, and a man whom his party should be proud to number in its ranks, is certainly not standing in this house and warning the minister against the terms of this treaty without first having given the matter very serious consideration. My hon. friend from Marquette, who has had practical experience in starting a tannery and losing money trying to run it, is not warning the minister without very serious consideration. I would strongly advise the Minister of Finance to pass on to some other resolution and hold this item up until a little more thought is given to it and he has considered further whether he really wants it to pass.

Mr. STEWART (Edmonton): It gives one considerable satisfaction to hear the expressions of opinion of the two hon. gentlemen on the other side of the house who have spoken in defence of the principle of allowing raw products to enter Canada free. I always had the idea that although the Conservative party was strong for protection on finished products it had a leaning towards the free entry of raw products. But apparently they have gone back on their principles on this occasion, and we have the spectacle to-night of the Conservative party, by putting a duty on raw materials, doing an injury to industry, which they have avowedly set out to protect by way of high tariffs. What I wish to protest against, and protest vigorously, is that tariffs inevitably force the consumer in the country by which they are imposed to pay a higher price for the commodities that are manufactured therein. Without going at length into the argument presented by hon. gentlemen on this side and by the two hon. gentlemen opposite, I want to express my very strong disapproval of any attempt to impose tariffs on raw materials, above all things. That I think is a principle which no party in Canada should uphold for a minute. While I say that, I am just as strongly opposed to excessive tariffs upon finished products, because they are bringing the inevitable result. We see distress not only among our rural population but among our manufacturers, and that condition has been brought about by the policy of this government. As long as the Conservative party continues to follow that policy, just so long will we in Canada be in our present condition.

Mr. MULLINS: Mr. Chairman, when on the advice of some westerners I attempted to operate a tannery in western Canada, I found it necessary to go to Mr. Lang, ask him to go over my plant, and tell me where my difficulties arose. When he came into the plant and looked at the hides I was attempting to tan he said. "There is where you are wrong; you cannot make harness leather out of that type of hides. You have to get your hides from warm countries where they are thin, where they do not carry too much hair, and where they are not harmed by barbed wire scratches or branding." I made harness leather, and before I put it on the market I tested it. I wanted to know that I was putting out a good product, and with that in mind I took a pair of traces, or tugs as some people call them, down to the lumber yard and hitched them to a load of lumber. I am speaking of John Arbuthnot's yard on Princess street; no doubt the hon. member for Lisgar knows where it is. I want to say to hon. members that after the first pull the horses gave the load of lumber the pole fell down. You cannot get the stretch out of small hides. That is practical information, and I want the committee to know it. I paid for that experience. You cannot get the stretch out of the smaller hides that you can get out of those big spready hides from the warm countries. If the government does anything to increase the price of harness it is making a mistake. I do not want the price of harness raised, and from this seat I shall voice my opposition to any measure which will affect detrimentally the farmers in western Canada. I came here with the distinct understanding that any tariffs we imposed or any action we took would not raise the price of commodities to the consumer. I am not going to sit in this committee and support any measure which will raise those prices. If this measure passes I fear that the price of harness may increase. As I said before, the farmers in western Canada are coming back to the use of horses and for those horses they need harness.

For years the Lang people have told me that there is only one place to get these large eighty pound spready hides, and that is in warm climates. They have several stacks of hides in their packing plants, and if an hon. member visited them to-day he would find that Canada, in producing what is known as baby beef, is producing a small hide which is not suitable for harness leather, and is hardly suitable for sole leather. What would hon. members do with a hide covered with brands? What would they make out of it? What could any hon. member manufacture out of such hides? It is absolutely impracticable to make harness leather from the

hides of our Canadian cattle, especially when we are raising small cattle and producing small hides. Before placing any duty upon hides which would affect the farmers of western Canada, I should like the minister to reconsider the matter.

Mr. LOUCKS: What does the hon. member mean when he speaks of small cattle?

Mr. MULLINS: I am referring to hides weighing from forty to sixty pounds. Sole leather cannot be manufactured from forty or sixty pound hides. If I were to go further into the matter I might state that leather cannot be made from inferior hides, and if my hon. friend thinks it can he ought to try it. When I began operations in the tannery I hung out a sign—the hon. member for St. Boniface knows all about it—that I was in the market to buy hides. They fired them at me from all parts of the west. Those hides were frozen, and when I thawed them out I found inside of the bundles feet cut off at the joints, and horns, and I can tell any hon. member in this committee that he cannot manufacture leather out of that type of raw material.

Mr. LOUCKS: Mr. Chairman, I have had no extensive experience as has my hon. friend from Marquette. He has been blaming the type of hides from which he had to manufacture, but probably he should have blamed the feet and horns that he found inside the bundle.

A moment ago I asked him as to what he termed a fair sized animal. I think my hon. friend will agree that the general run of cattle raised in Canada, outside of the baby beef referred to, average up pretty well. The steers shipped to the old country market last year received high praise. I cannot think that hides deteriorate to the extent described by hon. members. My father was a lumberman, and I can remember that the harness he used thirty or forty years ago was tanned and produced in Canada, made from the hides of Canadian cattle. In recent years I have not seen tugs which would stand the strain that harness stood, and it is still in use. I can see no reason for discrediting Canadian hides, and I am convinced we are discriminating a little too much, and are showing a lack of confidence. May I say to my hon. friend from Muskoka-Ontario that to-day the farmers cannot sell their hides at any price. There has been a very strong suggestion that the tariff should be raised against foreign hides. Probably the tanners are not dealing as fairly as they might with the Canadian producer—

[Mr. Mullins.]

and I may say there are no tanners in my constituency, or probably I would not talk so freely. In western Canada we cannot sell our hides; hon. members opposite know that to be a fact. There is a suggestion that our product is so inferior that it cannot be used for sole or harness leather, but I cannot believe that the majority of cattle produced in western Canada are inferior. They are first class cattle, and compare favourably with those from the Argentine or any other country.

Some reference has been made to climatic conditions. It seems to me that our climate should be conducive to the production of the best hides, despite the fact my hon. friend insists that the best can be produced only in warm climates. I can see no reason why, in the production of harness or sole leather, there should not be some protection so that we may use more hides produced in Canada.

Mr. EULER: Within the last hour I have received a letter from a manufacturer of rubber goods in Kitchener who formerly exported a very large quantity of his products to New Zealand. The business was cut off at the time the difficulty with New Zealand arose. Now he is very anxious to have the treaty go through because it will again stimulate the export of rubber goods. My correspondent encloses a letter from his agents in New Zealand, which reads as follows:

We have been informed by our minister—

That is the New Zealand minister.

—that they are prepared to bring the treaty before parliament at any time. The delay is with your government.

That is the Canadian government.

We understand there is one item only in dispute. So we have again approached our government to agree to ratify exclusive of that item, if practicable.

I am curious to know if the minister is permitted to tell me whether that item might conceivably be hides; and, if so, whether there is not a possibility that it might be dropped from the tariff list.

Mr. STEVENS: Is the question directed to me?

Mr. EULER: Either to the Minister of Trade and Commerce or to the Minister of Finance.

Mr. STEVENS: I have no knowledge, of course, of what the correspondent refers to, but certainly he does not refer to hides.

Mr. MULLINS: Mr. Chairman, at the time the hon. member for Rosetown (Mr. Loucks) went to western Canada that country was full

of steers weighing from 1,400 to 1,600 pounds apiece; to-day it is next to impossible to get that type of cattle. Their hides weighed eighty pounds apiece and would make harness leather; but to-day with the small cattle the hides are absolutely unsuitable for any tanner.

Mr. YOUNG: I move that item 599 be deleted.

Mr. RHODES: I may point out to the committee that the New Zealand treaty has passed this parliament and the parliament of New Zealand, and if we are to implement our undertaking in that regard it is essential that the item should pass.

Item agreed to.

Mr. CASGRAIN: On division.

INCOME WAR TAX ACT AMENDMENT

Resolved, that it is expedient to amend the Income War Tax Act and to provide:—

1. That the reduction of twenty per centum from the rates of tax under the first schedule of the act be repealed;

2. That the rate of tax applicable to corporations be increased from ten per centum to eleven per centum on the income in excess of $2,000;

3. That all taxpayers in receipt of net income in excess of $5,000, excluding incomes exempt under section 4 of the said act, shall pay an additional tax of five per centum of the amount of taxes otherwise payable under the provisions of the said act;

4. That the personal exemption heretofore afforded to the extent of $3,000 be reduced to $2,400 and where heretofore afforded to the extent of $1,500 be reduced to $1,200;

5. That income arising by way of annuity contracts within the meaning of paragraph (k) of section 3 of chapter 24 of the statutes of 1930 be exempt to the extent of $1,200 in lieu of the exemption heretofore provided of $5,000, but the said exemption of annuity income heretofore provided and arising out of annuity contracts entered into prior to the passing of an act based on this resolution shall continue in full force and effect;

6. That the provisions relating to family corporations be repealed, such repeal to come into force at the end of the 1932 calendar year or fiscal periods ending therein;

7. That in respect of fiscal periods not coincident with the calendar year the return of income and payment of the tax, by persons other than individuals, in lieu of being made and paid on or before the 30th day of April in each year as in the said act provided, must be made and paid within four months from the close of the fiscal period and if not so made and paid all provisions of the said act shall mutatis mutandis apply;

8. That income by way of dividends, rentals, interest, royalties and other like income not disclosed by the taxpayer in his return of income may be added to the other income of the taxpayer in double the amount and the whole taxed under the provisions of the act.

9. That any enactment founded on paragraphs one, two, three, four, five and eight of this resolution shall be deemed to have come into force at the commencement of the 1931 taxation period and to be applicable thereto and to fiscal periods ending therein and to all subsequent periods.

10. That any enactment founded on the provisions of paragraph seven of this resolution shall be deemed to have come into force at the commencement of the 1932 taxation period and to be applicable thereto and to fiscal periods ending therein and to all subsequent periods.

Some hon. MEMBERS: Carried.

Resolution agreed to.

SPECIAL WAR REVENUE ACT AMENDMENT

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act, chapter 179 of the revised statutes of Canada, 1927, as amended by chapter 50 of the statutes of 1928, chapter 57 of the statutes of 1929, chapter 43 of the statutes of 1930, and chapter 54 of the statutes of 1931, and to provide:—

1. (i) That every company authorized to transact the business of insurance in Canada or in any province of Canada, other than life and marine insurance companies, fraternal benefit societies and purely mutual fire insurance companies insuring principally farm risks, shall pay for consolidated revenue fund tax of one per centum upon the net premiums received by the company in Canada on and after the first day of January, 1932.

(ii) That every insurance company not so authorized to transact the business of insurance in Canada or in any province thereof but which maintains a deposit with the Minister of Finance as security for the claims of all Canadian policyholders exclusively of such company to the amount of at least the amount of the liabilities of the company to policyholders in Canada, shall pay for consolidated revenue fund a tax of one per centum upon the net premiums received by it in respect of insurance on property in Canada, other than marine insurance, effected or renewed in the portion of the calendar year 1932, and of each calendar year thereafter for which it maintains such deposit.

(iii) That every person resident in Canada who insures or has insured his property situate in Canada, or any property situate in Canada in which he has an insurable interest other than that of an insurer of such property, with any British or foreign company or British or foreign underwriter or underwriters, or any association of persons,

(a) which, on the twenty-second day of October, 1931, had not a deposit with the Minister of Finance for the purpose and to the amount aforesaid, shall pay for consolidated revenue fund a tax of fifteen per centum of the gross premiums paid or payable by such person for such insurance during the year 1931; and a tax of five per centum of the total net cost to such person of such insurance effected or renewed in each of the calendar years 1921 to 1930, both inclusive, during which such company, underwriter or association did not maintain a deposit with the minister for the purpose and to the amount aforesaid, the amount of such tax payable in respect of any calendar year to be reduced by the amount of any tax heretofore paid to the minister in respect of such insurance for such calendar year; or

(b) which does not on or before the first day of May, 1932, or at the time such insurance is effected or renewed, if after the said date, maintain a deposit for the purpose and to the amount aforesaid, shall each year pay a tax of fifteen per centum of the gross premiums paid or payable for such insurance during the next preceding calendar year.

Mr. VENIOT: Has the minister the suggested amendment to be made to paragraph 1?

Mr. RHODES: Paragraph 1 of the resolution will be amended by striking out the said paragraph and substituting the following:

1. (i) That every company authorized under the laws of the Dominion of Canada or of any province thereof to transact the business of insurance other than life and marine insurance companies, fraternal benefit societies, purely mutual fire insurance companies insuring principally farm risks, reciprocal insurance exchanges and mutual companies carrying on business on the premium deposit plan, shall pay for consolidated revenue fund a tax of one per centum upon the net premiums received by the company in Canada on and after the first day of January, 1932.

(ii) That every mutual company authorized under the laws of the Dominion of Canada or of any province thereof to transact the business of insurance and which carries on business on the premium deposit plan and every reciprocal insurance exchange so authorized shall pay for consolidated revenue fund a tax of two per centum upon the net premiums received by it in Canada during the calendar year 1932 and each calendar year thereafter.

(iii) That every person resident in Canada who insures or has insured his property situate in Canada, or any property situate in Canada in which he has an insurable interest other than that of an insurer of such property against risks other than marine risks, with any British or foreign company or any reciprocal insurance exchange which, on or before the first day of July, 1932, or at the time such insurance is effected or renewed if after the said date, is not authorized under the laws of the Dominion of Canada or of any province thereof to transact the business of insurance, shall pay for consolidated revenue fund a tax of fifteen per centum of the net premiums paid or payable for such insurance during the calendar year 1932 and each calendar year thereafter.

Mr. VENIOT: This is a complete change.

Mr. RHODES: This amendment is in substance what was intended originally. The original resolution was prepared shortly before I delivered the budget speech and was not in conformity with the intention I had in mind at the time. This in effect means that if outside mutual companies attempt to do business in Canada without taking out registration or making a deposit either with the dominion or with the provinces, then in the event of an individual insisting upon effecting insurance with them he will pay a tax of 15 per cent upon the premiums; but if those mutual companies take out registration or make a deposit, the tax is only two per cent. I would ask that the Minister of National Revenue move the amendment.

Mr. RYCKMAN: Mr. Chairman, I move the amendment as read by the Minister of Finance.

Mr. EULER: Do the mutuals pay twice as high a tax as the standard companies?

Mr. RHODES: No. As a matter of fact I think there is no exception taken to the two per cent tax, because, as my hon. friend knows, their premiums are based upon a different computation altogether. Furthermore, they have a class of risk on which there is an extremely low premium, and as a matter of fact the yield from this two per cent tax is relatively small. I may say that representations have been made to me that probably the tax ought to be considerably greater, but I understand that no exception has been taken even on the part of the mutual companies themselves.

Mr. EULER: There is no discrimination?

Mr. RHODES: No, that question does not arise.

Mr. RALSTON: Is the retroactive feature still in the amendment which the minister proposes?

Mr. RHODES: No.

Mr. RALSTON: Has the minister any estimate of the revenue which will be produced by these three provisions?

Mr. RHODES: It is estimated that the one per cent tax will yield about $1,000,000, while the total revenue from the two per cent tax will be very small, probably between $10,000 and $25,000. Any estimate of the revenue from the 15 per cent tax must be largely a glorified guess; it depends upon the extent to which those companies fail to avail themselves of the opportunity of registering either with the province or with the dominion. It will be only a fraction of the yield which will come from the one per cent tax.

Mr. RALSTON: I can be sure there is no retroactive feature at all in the section now?

Mr. RHODES: No, there is not.

Mr. CAYLEY: I just want to make sure whether or not I understood the minister with regard to these foreign mutuals. They are taxed two per cent of the net premiums, and the insured pays two per cent of his premium as well?

Mr. RHODES: No, there is not a double tax; there is only one.

Mr. CAYLEY: What is meant by the words "net premium" in this case?

Mr. RHODES: In the case of mutual companies transacting business on the premium deposit plan, and reciprocal exchanges, the net premium is the net cost of insurance to the insured, together with the interest on the excess of the premium deposit, if any, over the said net cost. My hon. friend knows what that means.

Mr. CAYLEY: I believe that is an exceedingly low rate in some cases. I understand that in some of these mutuals the net premium would be only about four per cent.

Mr. RHODES: My hon. friend sees that we are taxing about all we can tax. We are taxing the net difference as well as the interest upon the fund which remains in the hands of the company and is placed there on deposit by the insured.

Mr. CAYLEY: I am wondering if that is fair to the Canadian companies. You are taxing them on their net premiums, which is a far greater amount.

Amendment agreed to.

Paragraph as amended agreed to.

Mr. MACKENZIE KING: Are we taking up this resolution section by section, or are we dealing with the entire resolution?

Mr. RHODES: We are taking up the insurance subsection now, and the next one will deal with the tax on telephone and telegraph messages and so on.

2. That on every cable and telegraph or radio message originating in Canada for which a charge of more than fifteen cents is made, except press despatches, and on every long distance telephone call originating in Canada for which a charge of more than fifteen cents is made the sending company shall pay to the consolidated revenue fund a tax of five cents and may charge the same to the person paying the regular charges for such message.

Mr. VENIOT: I wish to direct the attention of the minister to a particular case.

Mr. RHODES: Perhaps before my hon. friend proceeds I should tell him that there is an amendment to be proposed, so his discussion might be more in point if the amendment is moved now.

Mr. RYCKMAN: I move:

That paragraph 2 of the resolution of April 6, 1932, proposing amendments to the Special War Revenue Act be amended by striking out the said paragraph 2 and substituting the following:

2. That on every cable and telegraph or radio message originating in Canada the sending company shall pay to the consolidated revenue fund a tax of 5 cents and that on every long distance telephone call originating in Canada the telephone company shall pay to the consolidated revenue fund a tax of 6 per centum of the amount charged, provided that in the case of a call from a public pay station, whether attended or operated by means of automatic slot machines, the tax in lieu of 6 per centum, shall be 5 cents for each call for which a charge of more than 25 cents but not exceeding 80 cents is made and 5 cents for each additional 80 cents or fraction thereof, and the company may charge the tax to the person paying the regular charges for such message or call.

Mr. RHODES: This means that in the case of charge accounts for long distance service, the monthly account will be taxed 6 per cent. In the case of pay stations, of which the Bell Telephone Company have some 19,000, whether or not there are attendants present the charge will be 5 cents for each call for which the charge is in excess of 25 cents and up to and including 80 cents, and an additional 5 cents for each additional 80 cents.

Mr. SPEAKMAN: Does this tax apply to provincially owned lines as well as privately owned lines?

Mr. RHODES: Yes.

Mr. VENIOT: Has the minister taken into consideration this instance: In New Brunswick we have farmers' telephone systems linked up with the New Brunswick Telephone Company under some special arrangement. When the farmer is connected up with the New Brunswick Telephone Company line it is charged as a long distance message. Under this measure the farmer will be compelled to pay a certain percentage of the cost of such telephone messages, while if he were using his own lines these calls would not be considered as long distance messages. If that is not looked into carefully I would say an injustice was being done the farmer who uses his own telephone system.

Mr. RHODES: There will be only one tax on one telephone call.

Mr. VENIOT: The minister does not get my point; it is really not a long distance call at all.

Mr. RHODES: If it is not a long distance call there will be no tax.

Mr. VENIOT: Let me explain it again. It really is not a long distance call in the true sense of the word, but because of the separation of control between this company and the main line of the New Brunswick Telephone Company with which it connects, it

becomes a long distance call, because the farmer has to have permission to send his message over the line of that company. The New Brunswick Telephone Company has practically a monopoly in that province, and they need not hook up with our farm lines unless they wish to do so. But as it is, even though the call is made over a distance of only two or three miles, it is regarded as a long distance call, and according to this legislation the farmer will be charged for a long distance message.

Mr. RHODES: I must say that I do not see the difficulty suggested by my hon. friend. The telephone companies have raised no such question.

Mr. VENIOT: No; they would not raise it by any means, but if the farmers' telephone systems knew of it they would raise the point.

Mr. SPEAKMAN: I want to ask a second question based upon my first, which was whether or not this tax would apply to provincially owned lines. The minister knows that a number of these telephone systems belong to and are operated by the provinces; in other words, they are crown properties in the right of the province. Has the dominion the right to tax crown property held in the right of the provinces, property controlled and operated by the government of a province and not by a private company?

Mr. RHODES: We are not taxing property held in the right of the province, we are taxing messages. The law is very clearly established that where a province engages in an undertaking of this character it shall not be exempt from taxation.

Mr. SPEAKMAN: That was my question.

Mr. RHODES: That was settled in the case of Attorney General of British Columbia vs. Attorney General of Canada, reported in 1924 Appeal Cases. The liquor commission of British Columbia attempted to evade the payment of excise and customs taxes and it was found that wherever a province engages in business it is subject to taxation. I might point out to my hon. friend that the tax is being placed upon the message, and is paid by the individual and not by the company. I do not think there is any shadow of doubt on the question of the legality of the transaction.

Mr. SPEAKMAN: The term "property" was used, and that is why I asked the question. I wanted to know whether or not that term included provincial governments.

[Mr. Veniot.]

Mr. RHODES: I should like to come back to the question asked by the hon. member for Gloucester and request that he give his illustration in terms of locality.

Mr. VENIOT: The New Brunswick Telephone Company has a central office at Caraquet, and a message to Lower Caraquet, a distance of seven miles, is not considered a long distance message. The company has a line running from Bathurst to Caraquet, and at certain points the farmers' telephones hook up with the other system. The minute the farmers' line reaches the line of the New Brunswick telephone system a message going only a mile is considered to be a long distance message.

Mr. RHODES: What is the cost of such a message?

Mr. VENIOT: About fifteen or twenty-five cents.

Mr. RHODES: Does my hon. friend say that the minimum charge would be fifteen cents under those conditions?

Mr. VENIOT: Yes.

Mr. RHODES: In that case the tax would be less than six cents on six messages.

Mr. VENIOT: I do not care how small the tax would be, there should be no discrimination because of a peculiar situation. This condition will be found not only in Gloucester county, but in Kent and Northumberland counties and in other sections of the province.

Mr. RHODES: I do not know that the discrimination arises out of the tax; it apparently arises out of the attitude taken by the telephone company. Even if it were to arise out of the tax, it happens inevitably in connection with any law of general application that there are points where greater hardship will fall on one individual than on another. That is inescapable, but I may say that such a case had not hitherto been brought to my attention. If there is any way to remedy any injustice by means of regulation, that will be done.

Mr. MALCOLM: The minister will realize that my hon. friend is referring to switching charges of five, ten or fifteen cents each, and a regulation exempting such charges up to a certain amount from the application of the tax would cover the point.

Mr. RHODES: This is a matter which had not hitherto been brought to my attention and is entirely new to me, but I have no doubt it could be met by regulation.

Mr. VENIOT: Will the minister give his attention to it?

Mr. RHODES: Certainly.

Mr. RALSTON: According to the amendment, a copy of which the chairman has been good enough to furnish me, it would seem that a direct discrimination is being made against those who have private telephones, especially rural lines, as against those who use pay stations. A man using a pay station pays five cents if the cost of the message is over twenty-five cents; he pays nothing when the cost of the message is under that amount. A subscriber using a private rural telephone between two places where, for instance, there is a twenty cent toll, must pay six per cent on that twenty cents. I submit that such a condition is undesirable. In the first place it will mean a lot of accounting to cover a small sum and, in the second place, it is not fair that a man should be able to go to a public telephone and put through a message costing up to twenty-five cents and not have to pay, whereas a man calling on his own telephone has to pay six per cent. A message by cable, telegraph or radio originating in Canada, no matter how much it costs, pays a tax of only five cents; no ad valorem charge is made. I am not advocating that a larger tax should be imposed on cables, telegrams and radio messages; I am pointing out that the man using a private telephone—the telephone is pretty commonly used in rural communities —is penalized, while the man using a public telephone goes scot free; and the man using the cable, telegraph or radio pays only a five cent tax.

Mr. RHODES: I am advised that upwards of ninety per cent—I cannot give the exact figures—of what are known as shorter haul messages are from subscribers, and that an almost equal proportion of the messages from toll stations are what are known as longer hauls. The inequality about which my hon. friend is concerned does not seem to exist. The man sending a pay station message costing from thirty cents up to eighty cents pays five cents. If he sends three thirty cent messages he pays fifteen cents, whereas a subscriber who does ninety cents' worth of calling would pay a little less than six cents.

Mr. RALSTON: Take them at twenty cents.

Mr. RHODES: My hon. friend says: take them at twenty cents. I am told that only a fraction of the messages is of the smaller amount. If we put the toll at twenty cents, a five cent tax would be a substantial one. That is the minimum you could charge in a toll station. Coming to the telegraph charges, I am advised that the average cost of all the telegrams sent is a little under seventy cents, so that a five cent charge, taking it on the average, is fair.

Mr. RALSTON: But that is not the case with cables.

Mr. EULER: What does the minister expect to get by way of revenue from his tax?

Mr. RHODES: Three-quarters of a million dollars from the telephone and half a million dollars from the telegraph.

Mr. RALSTON: I should like to ask the minister seriously to consider a minimum below which no tax will be charged. In a public pay station, you can have a twenty-cent call and you do not pay a tax; a subscriber should be put on the same basis. My hon. friend is aware that in the province from which he and I come, there are many rural services where the tolls are from fifteen to twenty cents; I can think of a great number in my constituency. My hon. friend, possibly quite unconsciously, is penalizing those subscribers who connect up with those telephone systems. They form a little telephone company; they hitch up with the Maritime Telephone and Telegraph Company and the through rate is fifteen cents. Take for instance, from Port la Tour to Barrington, the rate is, I think, less than twenty-five cents; from Barrington Passage to Clark's Harbour, there is, I think, a ten cent toll. If a man has a telephone, there is no reason why he should have to pay a six per cent tax on those small messages, while I can go into the hotel at Barrington Passage and use the public telephone and not pay any tax to the government. The same benefit should be given to the subscriber. Just as in the case of cheques, there is a minimum of $5 below which no stamp is required, there should, in the case of telephone messages, be some minimum below which no tax is collected. I think this will be an expensive tax to collect; there will not be a great deal of revenue from it and as drafted in the amendment it is discriminatory.

Mr. RHODES: As to the revenue, I have given my hon. friend the figures. In more prosperous times the revenue would be about a million dollars.

Mr. RALSTON: I am speaking of the telephone message tax.

Mr. RHODES: I am told by the telephone companies that the administrative cost will be comparatively small and the method of

collection will not be difficult. My hon. friend spoke of the ten cent message. They could take ten of those messages before they would have to pay a six cent tax, which is not an excessive one. Admittedly this is a revenue producing measure; that is all. It has no other excuse in the world. There is no doubt it is to a large extent a nuisance tax, but it seems to me the burden in the case I have indicated is not heavy. I have in mind conditions in the province from which my hon. friend comes. Many of the local telephone companies there which cover substantial areas will not pay any tax at all. It is only when they go into the long distance telephone through the exchange of the Nova Scotia Telephone Company, that there will be any tax, and I consider, in a case of that kind, they should pay a tax.

Mr. BROWN: I presume, from answers which the minister made the hon. member for Red Deer, he is thoroughly satisfied of the right of the government to tax provincial companies?

Mr. RHODES: I do not submit my own view as being worth anything. I have consulted eminent lawyers and the Justice department have also advised me that in their judgment there is no question as to that.

Mr. BROWN: In Manitoba the service is being carried on at cost, and it is well administered. Unfortunately in these troublous times many farmers and others are taking out their telephones and I am afraid this tax will further emphasize the movement in that direction. This is something I am not worrying over, but I am afraid this tax will not help my hon. friend's friends in Manitoba in carrying out their pledge to have cheap telephones in all the farmers' houses.

Mr. RALSTON: The minister, I submit, has not answered the criticism I am making. I do not want to take up the time of the committee, but it is no use for him to tell us you can put through ten messages at ten cents apiece and pay only six cents on them. A man who steps into a public telephone station can put through at least two messages and pay nothing.

Mr. RHODES: I may tell my hon. friend that those messages to which he refers constitute just four per cent of all telephone messages in Canada, so that they are a negligible quantity.

Mr. RALSTON: That just points the argument I am trying to make. My hon. friend is simply imposing an irritating tax which will not help the revenue and which is discriminatory because it is directly opposed to the principle of applying the tax to the public generally. A subscriber should not have to pay a six per cent tax on those small messages. I am again pointing out to the minister that it is useless for him to argue that it takes a lot of them to make a little money in taxes. That is just my point, and that is why I think he might just as well drop the idea and have a minimum below which he will make no charge on subscriber messages as well as on public toll station business, just as I instanced a minute ago the case of cheques, where we do not impose a stamp tax on cheques of $5 or less.

Mr. RHODES: My hon. friend is advocating that in the case of a percentage tax there is a minimum below which we should not go.

Mr. RALSTON: Yes.

Mr. RHODES: As I originally prepared this amendment it provided that the tax would not apply to a thirty cent message.

Mr. RALSTON: Fifteen cents.

Mr. RHODES: That is as it appears in the present amendment, but I am speaking of the amendment as I devised it originally. What would the effect of that be? It would mean that three thirty cent messages would cost fifteen cents.

Mr. RALSTON: No.

Mr. RHODES: I am referring to the amendment as I originally proposed it. My hon. friend must get the idea into his head that there are other views than his, even if they are wrong ones. It was the telephone companies themselves who suggested this. I do not say that they are a unit throughout Canada, but I took the judgment of the great bulk of the telephone companies, and at a meeting which they held in Winnipeg representative of the telephone interests of all Canada, they were the ones who suggested to me that it would be a more equitable tax to apply the principle of the sales tax to the telephones rather than start by a five cent tax, a ten cent tax, and so on. Where you come to the dividing point between five cents and ten cents, you are going to have hardship. One man who has only one cent more to pay for a message than another, has to pay a tax of 100 per cent more. They said that it was much fairer to apply the principle of the sales tax, which would mean that you would have a percentage covering the whole

amount of the tax. That is why the amendment appears in its present form, and although it apparently does not convince the hon. member for Shelburne-Yarmouth, the justice of it appealed to me and that is why I am submitting it to the committee.

Mr. RALSTON: I have never advocated a five cent charge. What I have been suggesting is that the ad valorem six per cent tax, if it is to be imposed, be applicable only to a message above a certain amount, and I have suggested twenty-five cents just as he has made the tax in public pay stations on twenty-five cent messages. I am not talking about a flat five cent charge and have never talked about it. My hon. friend made some remarks suggesting that I was unable to see any other views than my own.

Mr. RHODES: I did not say that.

Mr. RALSTON: I am endeavouring to combine my hon. friend's suggested tax of six per cent with a minimum charge just as there is in the case of stamps and cheques. If you make a six per cent charge, with a minimum, and put a rider on the resolution to the effect that no tax shall be charged on any message for which the toll is less than 25 cents, that would carry out my idea.

Mr. RHODES: My hon. friend, who is an old friend, I may say, is too shrewd not to realize that I never made the statement that he attributes to me. What I said was that my hon. friend must get the idea that there are other views than his own, even if they are wrong, which is something entirely different from what he says I said. I have got the point that my hon. friend makes as to the tax, but let me point out to him that he is pleading for a man who pays a tax of one cent. We will say that the tax should take hold at twenty cents. My hon. friend is pleading for the fifteen cent man, and he would pay a tax of less than one cent. Six fifteen-cent messages would amount to less than one dollar, so from that angle it is not worth while wasting very many words about it. I discussed the question of the cost of administration with the companies, and they told me that by simply taking the monthly accounts, without reference to amounts, other than to total them, and then charging the six per cent, it is simply a matter of bookkeeping and collection; but to go through every individual item of every account every day of the year and delete the fifteen cents on each message would involve clerical costs running into many thousands of dollars. That is why the companies made the suggestion in its present form.

Mr. YOUNG: There are a great many people in the country who use the long distance telephone very seldom, once or twice a month, perhaps less. Some have telephones and some not. Those with telephones would be able to get the call through for a cent and a fraction, but the neighbour without a telephone would have to go to the central operator and pay five cents. It is irritating for a man to pay five cents for what his neighbour gets for one cent and a fraction, and for all the difference it would make to the revenue the minister might as well drop it.

Mr. RHODES: I know there must be good neighbours out in the hospitable west, and I would suggest in such a case as my hon. friend mentions that the man without a telephone call at his neighbour's house with a telephone and have the call charged up to his neighbour, and then he will get the call at the same cost as his neighbour.

Mr. YOUNG: Will the minister allow a discount of so much per mile for the distance he has to travel to his neighbour's house?

Mr. RALSTON: All the telephone companies would need to have would be two columns in the account, one for messages under 25 cents and the other for messages above 25 cents. Then there would be no trouble at all and no question of spending thousands of dollars as the minister suggests.

Mr. RHODES: I am only giving the committee the information as it was given to me by those with experience in the telephone business.

Mr. RALSTON: I do not think my hon. friend would say it himself.

Mr. TAYLOR: There are four small telephone companies in the constituency I represent, and the maximum charge for calls between stations would be possibly fifteen cents. Am I to understand from the amendment that six per cent will be added to the monthly bill of tolls?

Mr. RHODES: If they are long distance telephone calls they would be subject to a tax of six per cent. If the account of an individual at the end of a month is $2, for instance, he will pay a tax of 12 cents.

Mr. TAYLOR: Where a company is giving only a local service to the county, would that be called a long distance call? For instance, to get into the market town in this county costs fifteen cents, through two centrals. Would that be considered a long distance or a local call?

Mr. RHODES: I do not know that I can answer my hon. friend with absolute assurance. It is pretty hard to draw the line. But as I understand it, in the telephone business what is known as a long distance call is pretty well defined. If you telephone from here to Aylmer I do not understand that that is a long distance call, although I may be wrong; or if you telephone to Hintonburg that is not a long distance call. A long distance call is when you have to pay an extra toll, and I do not think it is the distance alone which governs, because, as I pointed out to my hon. friend from Shelburne-Yarmouth, there are farmers' mutuals lines in Nova Scotia, some of which extend for a great many miles, where there would be no tax at all.

Miss MACPHAIL: In the country districts there are independent telephone companies which connect up with the Bell Telephone Company. Would such a connecting call be a long distance call and subject to the tax? That would be a great hardship in the country districts because these independent companies have some arrangement with the Bell Company whereby the farmers can telephone over a certain distance for five or ten cents. Would such a call come under this tax?

Mr. RHODES: I find it rather difficult to give my hon. friend from Southeast Grey an answer with accuracy. The determining factor, it would seem to me, would not be whether there were two telephone companies in the transaction. If there were a connecting charge I do not think that that would have any bearing. I do not think the tax would be imposed on that charge. But if there is a charge for what is known as a long distance call, then the tax would apply. I will have careful inquiry made, but that is how it strikes me at the moment. There will be dividing lines and points where there may be some little difficulty and perhaps inequalities, but I have every hope that such cases can be met by reasonable regulations.

Mr. GARDINER: What does the minister understand by a long distance telephone call?

Mr. RHODES: From here to Montreal, for example.

Mr. GARDINER: If the minister would give us a definition I think it would help relieve the situation.

Mr. RHODES: There has been no attempt at definitions so far as the department is concerned. Our idea is that we would put a tax on long distance calls as they have hitherto been known in the custom and usage of the telephone companies.

[Mr. Taylor.]

Miss MACPHAIL: The interpretation of a long distance call may make a tremendous difference, because there are a great many districts in Ontario where the local company has to make a connection with the Bell Telephone Company to enable the farmer to reach the town in which he does business. Would the connecting charge be considered a long distance call?

Mr. RHODES: I do not think the connecting charge would have any bearing. It would depend on the correct interpretation of a long distance call.

Mr. SANDERSON: Is not a long distance call a call from one exchange to another, whether they are two or five or ten or one hundred or five hundred miles apart?

Mr. RHODES: I hope the committee does not expect me to give a technical definition, because as I have pointed out, we have attempted no definition. We propose to apply the definition recognized in the custom of telephone companies. My hon. friend should not attempt to say that a two mile call would be regarded as a long distance telephone call—not at all. My hon. friend can talk a distance of five, six or eight miles right here in the city of Ottawa.

Mr. SANDERSON: That is a different proposition.

Mr. DUFF: It is designated by zones, is it not?

Mr. MALCOLM: I think I can explain the matter in a way to satisfy the hon. member for South Perth. A long distance call may be of any distance, provided the subscriber in his contract has the guarantee that he may telephone in a given district without a long distance charge. The long distance charge, as popularly interpreted by telephone companies, is a charge for phone services beyond the terms of contracts.

Mr. DUFF: Beyond certain zones.

Mr. MALCOLM: The hon. member for Southeast Grey was referring to rural telephone companies in Ontario. To illustrate, the Bruce telephone system allows its subscribers to talk from Kincardine to Paisley and Port Elgin without any extra charge. Calls even of that distance are not treated as long distance calls. But when we cross into the county of Huron or switch on to the Bell Telephone Company lines there is a switching charge of five cents. The hon. member for Southeast Grey wishes to know whether the switching charge from the rural telephone system to the Bell, which gives the privilege of telephoning within a town, could be treated as a long distance

charge. If the minister would repeat what he said to me I believe he would satisfy the hon. member for Southeast Grey. The minister told me that so far as he was concerned the switching charge was not to be treated as a long distance charge, and that no tax would be imposed thereon.

Mr. RHODES: That is as I understand it.

Mr. TAYLOR: In the county in which I live the local telephone company have some three or four centrals. There is a rental for the use of the telephone. To call from one central to another costs five cents, or to call the county town would cost fifteen cents. Would that be considered as a long distance call over a local line?

Mr. RHODES: I am inclined to think so.

Amendment agreed to.

Paragraph agreed to.

Paragraphs 3 to 5 inclusive agreed to.

6. (i) That the rate of consumption or sales tax as imposed by section eighty-six of the said act, as amended by section eleven of chapter 54 of the statutes of 1931, be increased to six per cent.

(ii) That the following words be removed from the list of articles exempt from the consumption or sales tax set out in schedule III to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say;

"Bakers' cake and pies, not to include biscuits;" "and substitutes therefor" in line seven of the said schedule; "lard compound and similar substances, made from animal or vegetable stearine or oils;" "materials for use solely in the manufacture of any substitute for butter or lard;" "extract of rennet;" "ice cream;" "usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax;" "materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax."

Also under the heading "Goods Enumerated in Customs Tariff Items;" the following figures and words, namely:—

"45. Milk foods, n.o.p.; prepared cereal foods, in packages not exceeding twenty-five pounds weight each;"

"46. Prepared cereal foods, n.o.p;"

And that the word "lard" where it first appears in line eight of the said schedule be struck out and the words "lard, when produced in Canada" be substituted.

(iii) That the following words be inserted in the said schedule:

"All articles manufactured or produced by the labour of the blind in institutions established for their care or under the control or direction of such institutions."

(iv) That the following words be removed from the list of articles exempt to the extent of fifty per cent of the consumption or sales tax set out in schedule IV to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say:—

"Biscuits of all kinds."

Mr. DUFF: Mr. Chairman, I should like to discuss in committee one or two matters contained in paragraph 6 of this resolution. This particular paragraph refers to the sales tax, and I notice that it has been increased from four per cent to six per cent. Two years ago the sales tax was only one per cent, and I can remember our Conservative friends in the session of 1930 objected very strongly to the fact that the Liberal government and the Minister of Finance of that day had not done away with the sales tax altogether. They called it a poor man's tax. In spite of their arguments in 1930, the first year they were in power they increased the sales tax to four per cent. That did not satisfy them, and this year they make a further increase of fifty per cent, bringing the tax up to six per cent.

While I object very strongly to this tax in its entirety, there are one or two matters to which I take particular exception. Previous to last year an item of common consumption was on the exempted list. I refer to salt, which is used in the maritime provinces, Quebec, probably in the provinces adjoining the great lakes, and also British Columbia, for the cure of all kinds of fish. A particular brand of salt imported from foreign countries is used in this connection. As I said a minute ago, up until last year that salt was on the free list, but for some reason—and I think I am correct when I say that the then Minister of Finance merely slipped up, because I cannot understand why he would want to impose a sales tax on salt used in Canadian fisheries —the tax was put on. This salt is a raw material, and is used to cure a commodity of which 99.99 per cent is afterwards exported.

On page 25 of the Special War Revenue Act for 1931, which I now hold in my hand, the following words appear among the exemptions: "Salt, when manufactured or produced in Canada." The words, "when manufactured or produced in Canada" were added last year, and I cannot understand why the addition was made, especially in view of the fact that there is no salt produced in Canada which could be used to properly cure herring, mackerel and a great many other fish.

Mr. SMITH (Cumberland): What about Malagash salt?

Mr. DUFF: Malagash salt is all right for certain purposes. I am not saying a word against it, but the fact is that Malagash salt comes out of the earth, and there are certain strata in it, and when the salt is used in the curing of salt fish it leaves a scum, due to the fact that there must be earth mixed with the salt. Moreover, when the fish is cured

and dried, the face of the article shows a dark colour. I think the people who produce the salt to which my hon. friend refers know as well as I do that my statements are correct. I have discussed the matter with Mr. Chambers, who is connected with the production of that commodity; my hon. friend is acquainted with him. I have made certain tests in the hope of using the Malagash salt, but have always found that this earthy scum would appear on the fish, and that consequently it was not possible to produce a white article. In the markets to which we ship, the fish must be white and clean, and therefore our salt must be purchased in Turks island, the West Indies, Torrevieja on the Mediterranean, or Cadiz, one of the Spanish ports.

Mr. SMITH (Cumberland): I understand that due to processing this salt is now free from the objection mentioned by my hon. friend.

Mr. DUFF: Only a year ago a scientist named Doctor Barry of Halifax, Mr. Chambers, who is president of the Malagash Salt Products Limited, and myself made a number of tests. Doctor Barry, with whom I was associated, thought he could do something to take the strata out of the salt. Mr. Chambers brought some samples down to my own town, and a number of tests were made. We found, however, that it was impossible to get this foreign substance out of the salt. Although a good deal of the Malagash product is used, we find that it does not leave a white surface, and consequently is not satisfactory for our purposes. But even if the salt were as good as the salt which we import from other countries, I would still contend that this clause should not have been put in, because salt is one of the basic articles which the fisherman must use in his industry. Our fishermen should not be compelled to pay a six per cent sales tax when any company producing salt in Canada does not have to pay it. I do not think it is fair, I do not think it is right, and I am trying to be charitable in saying that some way or other these words "when manufactured or produced in Canada" were slipped into this exemption clause last year. I respectfully submit to the minister that it is not in the interests of the fishermen that they should be so taxed on their salt. I need not explain to the Minister of Finance the deplorable condition of that great industry of the maritime provinces at the present time. I should not be here asking the minister to take off this impost, I should be at home trying to do something for the fishermen of my province. If my hon. friend does not do something to encourage the fishing industry of the maritime provinces, I do not know what is going to happen. I cannot understand why the minister did not give consideration not only to the idea of not having any sales tax on salt but of not increasing the tax to six per cent this year. Instead of not taking salt out of the exempted list, by this clause he deliberately increases the sales tax from four to six per cent.

Let me say something else to my hon. friend in regard to this sales tax on salt. Under a treaty with the island of Newfoundland fish produced there comes into Canada free of duty. I am in favour of that, because all the fish which comes in from Newfoundland is handled by the exporters of fish in Halifax and Lunenburg—I handle some myself—and it does not interfere in the slightest with the producers of fish in Canada; we are able to steady the market by handling a certain portion of Newfoundland fish. But I would bring this to the attention of my hon. friend as another reason why salt should go on the exempted list altogether, both as regards excise and sales tax. Our fishermen have to compete with the fishermen of Newfoundland, and if our fishermen have to pay a three per cent excise tax and a six per cent sales tax, the fishermen of Newfoundland can land their fish in Halifax, Lunenburg or any other Canadian port cheaper than can the Canadian fishermen. For that and other reasons I say to my hon. friend he should amend this clause and exempt salt from the sales and excise tax. It is bad enough for our fishermen to have to pay the excise tax on salt. Of course, if every other article imported is subject to the excise tax I am not going to object very strongly to the three per cent on salt, but I do urge my hon. friend that if it were possible to take both the sales tax and the excise tax off salt it should be done, because our fishermen need every little bit of help to encourage them in their industry. Our fishermen have not only to pay these taxes on their salt, but also on everything else they buy either for their families or to prosecute their industry. My hon. friend should take that into consideration and do something to hold up the hands of these people, and endeavour to encourage an industry that is practically at its last gasp.

Under this clause there is another hardship to our fishermen. Up to this year, as I said a moment ago, there were certain exemptions under schedule 3. If my hon. friend will look at page 4 he will notice the following:

"usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax;" "materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax."

Now, I would direct the minister's attention to the fact that this means a twelve per cent tax on every package which is used in the fish business, whether cask, butt, drum, herring barrel, mackerel barrel or box, because there is a six per cent tax on the finished article, the package itself, and there is also a six per cent tax on the value of the materials. Take herring and mackerel barrels. Men go into the woods and cut staves, which they sell to the coopers. There is a six per cent tax on the staves. There is also a six per cent tax on the lumber which goes into the casks, barrels and boxes. When the barrels or boxes are manufactured there is an additional six per cent. Surely the government never intended that the supplies of the fish industry, the apple industry, and the hundred other industries where boxes are used, should be taxed in this way. But I am pleading especially for the fishing industry—there are others better qualified to look after the interests of the other industries—and I say it is ruinous that the fishermen of this country should have to pay a twelve per cent tax on these packages. I plead with the minister now, if he has not an amendment in his mind —I have written to him and called his attention to it—in regard to the sales tax on salt and the sales tax on the materials which go into the manufacture of fish containers, that he should let section 6 stand and look into the matter with a view to relieving the fishermen of this great burden.

Mr. ERNST: Mr. Chairman, for once I find myself in complete accord with the hon. member for Antigonish-Guysborough.

Mr. YOUNG: Free trade doctrine.

Mr. DUFF: My hon. friend voted for the budget, I did not; there is the difference.

Mr. ERNST: I have no doubt, no matter what was in the budget, my hon. friend would have voted against it. But I am confident of this, that we can combine our efforts for the benefit of the fishing industry and rise above politics, because I am going to protest against this provision by the Minister of Finance. Last year I was under the impression that salt was exempt, together with other commodities used by the fishermen, from the operation of the sales tax, and when I went home I was amazed, as I have no doubt my hon. friend from Antigonish-Guysborough was, to find that the rider was added that the sales tax was taken off only when the salt was manufactured in Canada. As a matter of fact practically all the salt used by the fishermen in the province of Quebec and along the maritime coast comes from outside of Canada, and those channels of trade cannot be changed in a moment. The result is that this amounts to a six per cent tariff in favour of Canadian salt and a six per cent tax on Canadian fishermen. I have no hesitation in making that statement, and in view of the present condition of the industry such a tax upon the fishermen is unfair. This is an export product, and every product which is exported should be encouraged in every possible way. In addition we have the three per cent excise tax, making a total tax of nine per cent on the salt used by the fishermen.

I should like to see salt exempt from the application of the excise tax as well. I know the minister will say that the exporter can make a return showing the amount of salt which has gone into the product and recover ninety-nine per cent of the tax by way of drawback. Theoretically that sounds all right, but from a practical standpoint it is impossible. Salt is used by so many individual fishermen, who purchase it and pay the tax but do not export the fish, that there is no way under heaven of getting that tax back to them. The same argument applies to the fish containers. Casks containing fish which are exported cannot be used more than once, because it is not economical to bring them back. In many cases individual fishermen will buy these casks, or the barrels used for pickled fish; they will pay the tax, but they do not export the product so they cannot obtain the drawback. I contend that this is unfair, with the industry in its present condition. The same argument applies to apple barrels, which are used in Canada to a very limited extent only, and are almost entirely exported. They are used by the people in the Annapolis valley and are manufactured to a considerable extent in my own county. They too will be subject to the tax. The barrel will go to the exporting firm filled with apples, and the exporting firm may get a drawback but it will not go back to the individual who paid the tax.

There is one other difficulty in this connection. Many of these containers are made by small concerns or by individuals who hitherto have had no system of bookkeeping and would find it impossible to install such a system. Personally I do not see how the minister is going to collect the tax. He may say that is a matter for the Department of

National Revenue. I tell the Minister of National Revenue that he will find it impossible to collect the tax. The small firms and individuals who cut their own material in the winter and manufacture these articles during the summer and autumn will be in a constant state of turmoil and unrest. I cannot protest too strongly against this measure. The containers and the salt should be exempt from the sales tax, and that salt in particular should be exempt from the excise tax as well.

Mr. RHODES: While my hon. friend from Queens-Lunenburg agrees with my hon. friend from Antigonish-Guysborough, I submit that both hon. gentlemen are in error to a very substantial degree. In the first place, my hon. friend raised strong objection to the amendment with respect to the exemption provisions under the sales tax. As far as we are concerned this was not done this year; it was done last year, and I do not know why my hon. friend did not object then.

Mr. DUFF: I was in Nova Scotia looking after the fish business when the budget resolutions were discussed.

Mr. RHODES: Let me point out to my hon. friend that this provision simply means that if Canadian salt is used no sales tax is paid.

Mr. ERNST: You cannot do it.

Mr. RHODES: Just one at a time, please. If you use Canadian salt you pay no sales tax and no excise tax. My hon. friend from Queens-Lunenburg says you cannot do it. He may be right, but I submit that this is not the entire story. We are capable of producing in Canada salt equal in quality to that produced in any other country in the world. My hon. friend, of course, is free to talk for the fishermen, and let me say that I do not yield to him or to anyone else in my desire to do everything possible to help the fishermen. But we have other people in this country who are just as worthy as the fishermen; we have many men who could be engaged, and some who are engaged, in the salt industry. My hon. friend says Canadian salt cannot be used. In that I do not agree with him, and I do not need technical knowledge to hold that opinion, though I am prepared to subsitute for my own judgment the opinion of those who are experienced in chemistry. But let me say to my hon. friend that if imported salt is used and the bulk of the product is exported, they can get a drawback of almost the full amount of the sales tax paid on the salt.

Mr. DUFF: No.

[Mr. Ernst.]

Mr. RHODES: They can get a drawback of ninety-nine per cent.

Mr. DUFF: How?

Mr. RHODES: Surely my hon. friend is aware of the section of the act containing that provision.

Mr. VENIOT: Yes, the section is there, but how are you to operate it?

Mr. DUFF: I have asked already, and had my friends in the county of Lunenburg ask, for a refund or rebate on salt which was used last year. The customs collector refused to allow that drawback, because, as my hon. friend from Queens-Lunenburg said, this salt was bought by individual fishermen from the very people who buy the fish when it is cured and who export that product. They sell the salt to one hundred or one thousand fishermen, and the collector of customs says that the exporter of the fish, the man who sold the salt to the fishermen, cannot make the necessary affidavit for a refund.

Mr. RHODES: That may be quite true in the case to which my hon. friend refers, but I could mention a case to which that argument would not apply, and I think my hon. friend from Gloucester could do so as well.

Mr. DUFF: Can my hon. friend give me one case in which it can be done?

Mr. RHODES: Yes; in any curing process in this country using imported salt. My hon. friend is referring to imported salt which is distributed among perhaps one hundred people.

Mr. DUFF: How many people import salt and use it themselves? Certainly I should know what I am talking about in this case.

Mr. RHODES: I am prepared to admit at once that my hon. friend has forgotten more about the fishing business than I know, and I bow to his superior judgment in that connection. But when it comes to a question of the application of a law I refuse to accept his judgment, and I think I have every right to take that attitude.

Mr. DUFF: I just stated that the collector would not allow the drawback.

Mr. RHODES: The Department of Finance does not administer the sales tax, and in that respect I have to get a good deal of my information left hand. I can give my hon. friend only such information as comes to me from the experts in the Department of National Revenue.

Mr. DUFF: I have my information right hand.

Mr. RHODES: The hon. member for Queens-Lunenburg mentioned that a great bulk of the casks are used in the export business, but if that is so a drawback could be obtained.

Mr. ERNST: What about the individual?

Mr. RHODES: My hon. friend now comes back to the individual. A moment ago he was saying that it would be difficult to administer this regulation, that we would not be able to collect the tax from the individual; if that is so, then he need not worry. If my hon. friend has any specific instances where he believes the drawback is unworkable or where no method can be devised to obtain a drawback, I should like to know of them. If he can show me definite instances, then I will agree that he has made out a case. I should like him to give me the chapter and verse and then I can submit the case to the experts in the Department of National Revenue and at the next sitting of this committee I shall be able to give their opinions.

Mr. DUFF: The officers of the department have told us that we cannot apply for a rebate on this salt. As I said, 99·99 per cent of the salt used for curing fish is exported; only ·001 of the salt is used for fish for local consumption. I have no desire to be personal in this matter, but I want to give the minister all the information I possess. I am interested in the importation of salt. My hon. friend has said that domestic salt was as good as foreign salt to cure fish, but I contend that that is not correct.

Mr. RHODES: Does my hon. friend mean to say that we cannot produce in Canada salt as good for the curing of fish as salt produced elsewhere in the world?

Mr. VENIOT: You cannot do it.

Mr. DUFF: The salt produced in Ontario is all right for table use, and there is some fishery salt manufactured in that province, but it is too far away from Quebec, the maritimes and British Columbia. Some of the fine salt used in the fish business is called Liverpool salt; it gives what is known as a quick strike. Real fishery salt is crushed to about the size of a pea. I am not trying to detract from the virtues of the Malagash salt because I have done everything I could to help Mr. Chambers. I helped him to make investigations; I put a scientist on the job and he, Mr. Chambers and myself made tests for three months. That scientist did everything possible to remove the foreign matter, but he was not successful. That salt is not suitable for our purposes. When our fish is packed in it they will not bring the same price as when they are packed in salt taken from the ocean. Malagash salt is taken from the earth while the salt we use comes from the ocean. This salt is evaporated in the Mediterranean, in Trapani, Spain, or in the West Indies in Turks island. Anyone who has been in the West Indies will know the strength of the salt water there and will appreciate my argument. The water is put in ponds and allowed to evaporate, the salt taken out and the ponds again filled with water.

There is another matter to which I should like the Minister of Trade and Commerce to give attention. In the old days much of the business from the maritime provinces was carried on in sailing vessels. To-day the use of these vessels is not as great but considerable business is still done in this manner. If I ship a cargo of fish in a sailing vessel to Porto Rico or Trinidad or some other point—in doing this I come into competition with the Canadian government merchant marine—the only return cargo available is salt. If my vessel goes to Newfoundland and loads a cargo of fish for Oporto or some port in Greece or Italy, the only return cargo available is salt. Canadian salt is not suitable for our purposes and we should not be penalized in the purchase of a suitable commodity. The ships return with the foreign salt which is put in storage. That salt is sold, as the hon. member for Queens-Lunenburg has said, not to one man who cures say two thousand quintals of fish but to one hundred men who cure twenty quintals each, or even to five hundred men. Those men do not come back to sell their fish to me because I sold them their salt; they may sell their fish to anyone of the firms who signed a telegram sent recently to the Minister of Finance. This telegram reads as follows:

> We the undersigned dried and pickled fish exporters protest against the imposition of sales tax on fish packages thus adding to the cost of articles not used in Canada at a time when exporters cannot sell to cover the purchase price this notwithstanding the fish in most cases were bought from the fishermen below cost of production. If this unreasonable tax is insisted upon it will simply penalize the larger cooperage producers this owing to the impossibility of collecting from the many individuals producing packages in a small way.

That is what the hon. member for Queens-Lunenburg said. The telegram continues:

> Further we cannot understand the government's action in continuing to increase the sales tax and excise tax on salt for the fishermen. The production of salt fish being almost entirely for export this burden put upon our fishermen is not consistent with the bonusing of five cents a bushel on wheat. We implore your compliance with our request to eliminate said tax from the tariff.

This telegram is signed not by fishermen but by exporters of fish. They are as follows:

A. M. Smith and Company,
H. L. Montague, Limited,
W. and C. H. Mitchell,
Farquhar and Company,
Halifax Fisheries, Limited,
Mitchell and McNeil,
Robin, Jones and Whitman, Limited.

I have proved that it is impossible to obtain this refund or rebate or whatever you call it. As soon as I saw this new schedule I got in touch with the commissioner of excise, Mr. Taylor, who referred me to section 94, to which the minister referred a few moments ago. I sent a copy of Mr. Taylor's letter to six different importers of salt in Nova Scotia, as well as a copy of the schedule, and advised them that they could obtain a refund of ninety-nine per cent of the duty paid on salt sold last year. Each importer went to the customs and was turned down. He was told: You cannot take an affidavit that the salt which you sold to the fishermen went outside of Canada. Of course the importer or the seller of the salt could not take the affidavit, with the result that they could not get the drawback, although it is a well known fact, as I said a moment ago, that ninety-nine per cent of the salt goes out on export. As I say, the importer or the business man could not take that affidavit; the customs collector knew he could not do so and did not help him in any way to get over the difficulty by saying: All right; we know this is all for export and you can send in your claim. Thus section 94 is of no use at all and for that reason we cannot act on it. I submit to the minister that in the interests of the fisheries, the four per cent sales tax should never have been imposed; in my opinion it was a mistake. I am afraid the Minister of Finance and my good friend the hon. member for Cumberland, where this concern is producing salt, purposely allowed this to be slipped in to help that concern, but it will not help the Malagash salt business one iota. If the government puts a 20 per cent sales tax and a 10 per cent excise tax on salt, I want to tell the minister seriously—and I am telling him sincerely—we could not or would not use the Malagash salt in our fisheries.

Mr. VENIOT: Although the hon. member to my right, who has just spoken, has discussed this question very fully, and although I agree with everything he has said in connection with the injustice of the imposition of a sales tax and an excise tax on salt, having lived nearly all my life among fishermen, especially those engaged in the codfish business, I know from experience it is impossible for our cod fishermen to use Malagash or, indeed, any Canadian salt and put their product on the market in such a way as to command the proper prices. Therefore our fishermen are compelled to import the salt they use. As the hon. member for Antigonish-Guysborough has said, in importing this salt they are met by a double tax, the six per cent sales tax and the three per cent excise tax. If that were the only thing that militated against our fishermen, it might be overcome or they might put up with it for a while; but when you consider the package licence, the covering licence or fee that is charged, the situation is aggravated. The hon. member for Antigonish-Guysborough gave one example; let me give a more striking one of how that covering charge affects our fishermen. For instance, it is a six per cent charge on the value of the can which contains the packed lobster. Once the lobster is placed in those tin cans, they, to the extent of a dozen or two or four dozen, go into a wooden box for transportation. I am talking now of lobster not for shipment to foreign countries but for transportation throughout Canada. That wooden box is also struck with a tax of six per cent on the value of the box which covers the containers in which the lobster is placed. Therefore you have a double tax: you have a tax against the tin can in which the lobster is placed and another against the wooden container which carries the tin can in its transportation to the market. It may be said that this was not intended, and it is because I believe it was not intended I am bringing the matter up in order that the attention of the minister and his officials may be directed to it; that they will give it the study it requires and define what is a container, what is a covering. At present there is nothing to define it; that covering tax can be applied to anything. It can be applied to the can in which the milkman brings his milk or cream to market. When that can returns from its outbound destination and goes out again the next time, under this very act another six per cent is charged on the value of that container.

Let us consider how this applies to the fishing industry and the cheap sea food that is being put up in the maritime provinces. The sardine is a cheap sea food; it sells at retail for five cents a can. The can in which it is contained, including the patent opener that must be used, costs more than the fish that is in the can, and the government are taxing that can six per cent. They are taxing not only the tin can

six per cent, but the wooden box in which a hundred cans are placed for transportation. To that extent they are discriminating against the fishing industry.

Mr. RHODES: Did I understand my hon. friend to say that a milkman would pay a sales tax on his milk can every time he sent it to market?

Mr. VENIOT: There is nothing to say he will not.

Mr. RHODES: As a matter of fact my hon. friend is quite wrong.

Mr. VENIOT: I hope I am, but can the minister show me where?

Mr. RHODES: There would be a tax on the tin can once.

Mr. VENIOT: That is not stated.

Mr. RHODES: Well, that is the fact.

Mr. VENIOT: I have a right to know that. I am glad I brought the matter up.

Mr. RHODES: There is only the one sale. When the manufacturer who makes the can sells it, he pays the sales tax and that is the end.

Mr. VENIOT: I am not talking about the sales tax; I am talking about the covering tax.

Mr. RHODES: So am I.

Mr. VENIOT: I understand when the can is manufactured and sold to the farmer, he pays a sales tax. I am not discussing that. I am discussing that can from the time the farmer puts the milk into it. He takes it to the station, say at Sussex, and sends it to Saint John. He has to pay a covering tax on that can.

Mr. RHODES: No; my hon. friend is quite wrong.

Mr. VENIOT: Will the minister show me in the act which is before the house where that is not the case? That is what I want to know.

Mr. RHODES: If my hon. friend will look at section 86 of the Special War Revenue Act, he will find it.

Mr. VENIOT: I have the act in front of me. Where is it?

Mr. RHODES: Section 86 reads:

In addition to any duty or tax that may be payable under this act or any other statute or law, there shall be imposed, levied and collected a consumption or sales tax of four per cent—

It is six per cent now.

—on the sale price of all goods,—

(a) produced or manufactured in Canada, payable by the producer or manufacturer at the time of the delivery of such goods to the purchaser thereof.

Mr. VENIOT: I am not talking about that at all.

Mr. RHODES: I am talking about what my hon. friend is talking about.

Mr. VENIOT: Not at all.

Mr. RHODES: When it was sold by the manufacturer to the purchaser there was a sales tax on it, and that was the end of it. My hon. friend would make it appear that there was a covering tax upon it every time the can was sent to market.

Mr. VENIOT: Does the minister mean that there was no covering tax?

Mr. RHODES: Yes, and I have told my hon. friend so three or four times.

Mr. VENIOT: I do not agree with the minister. You are taking the following words from the list of articles exempt from the consumption or sales tax, "materials to be used exclusively in the manufacture of usual coverings." Those were formerly exempted from the sales tax.

Mr. RHODES: My hon. friend is confusing two entirely different things. There is no question that last year the milk can was exempt from the sales tax, and if this provision goes through, it will be subject to the sales tax. But what my hon. friend was saying, and what I took exception to, was that there was a tax on that milk can every time it went to market, which is not so.

Mr. VENIOT: I did not say sales tax.

Mr. RHODES: There is no tax of any kind upon it except the tax upon the milk can when it is sold by the manufacturer to the purchaser. The can might last a year or two years, or as long as it does last, there would be no further tax upon it.

Mr. VENIOT: What about the cans for the preserving of fish?

Mr. RHODES: Stick to the milk can for the time being.

Mr. VENIOT: No, because you apply the same thing to the other coverings. Take the sardine can. There is a covering tax on that.

Mr. RHODES: I was not discussing for the moment the sardine can. I want to get the milk can straightened out first.

Mr. VENIOT: The minister will get the milk can straightened out if he straightens out the sardine can.

Mr. RHODES: I am prepared to discuss the sardine can tax in spite of the fact that my hon. friend has refused to accept the statement of the minister when he makes it on his ministerial responsibility.

Mr. VENIOT: When the statement made on the minister's responsibility does not bear out what is before us, I have a right to differ from the minister.

Mr. HANSON: You are all wet about the milk can anyway.

Mr. VENIOT: If there was a little more of the milk of human kindness in the discussion we might get along better. Take the condensed milk can. There is a milk can for you. Surely you can deal with that. Do you mean to tell me that the condensed milk can pays the sales tax only when it is sold? I say that it also pays the covering tax when it is used as an instrument of transportation. When it is used as a covering for transportation it pays the extra tax under this act, and the minister cannot get away from that, I do not care what he says. I have dealt with the covering tax, mentioning the milk can, and if the minister is going to deal with the milk can after I am through, I would like him to deal with every covering used. Take, for instance, coverings for strawberries. There you apply the tax on two different coverings. You apply it first of all to the little box in which the strawberries are placed, and then you apply it to the crate in which these small boxes are packed. You charge six per cent of the value of each. I could give numerous other cases where the tax will be similarly applied twice over.

I also want to bring to the minister's attention what I feel is a discrimination against the fishermen of the maritime provinces. The excise tax does not apply to any fish coming into Canada from Newfoundland. Why? It is giving an advantage to the fishermen of Newfoundland in competition with the fishermen of the maritime provinces not only in the markets of the world but also in the markets of New Brunswick, Nova Scotia and Prince Edward Island. Why that discrimination? I may be told that there is a treaty which governs in this case, but if there is a treaty, it is no more binding in a case of this kind than is a tax on goods imported free from any other part of the British Empire. I would ask the minister to look into that matter and let us know why fish coming from Newfoundland to the maritime provinces and to Canada generally is exempt from the three per cent excise tax.

[Mr. Veniot.]

There are many other things to which I desire to draw the attention of the minister, but to-night I wish to deal more especially with the fish business. If I mistake not, the minister has received a protest from certain fish packers in Canada against this covering tax. I understand that the Canadian Manufacturers' Association has taken up the matter to a certain extent and endeavoured to show how this covering tax will bring hardships on different industries.

In conclusion, I should like to say a few words as to the drawback. The hon. member for Antigonish-Guysborough and the hon. member for Queens-Lunenburg have pointed out how difficult it would be to obtain this drawback. It is a matter of impossibility to operate successfully under the drawback provisions. Let me give a concrete case or two. In the county of Gloucester we have some 350 sailing vessels that go to the cod-fishing banks every Monday morning and return on Saturday night. They buy salt from the wholesale importer, who does not export fish, and during the period they are on the fishing banks they salt their fish and attempt to cure it. The fish are taken home and landed on Saturday; they are then further cured by the sun drying process and are not placed on the market until somewhere around the fifteenth of August. About 150 or 200 of these men own their own vessels and have bought their salt from the wholesale importer, and paid the full amount for it. There is no notion of a drawback for them. The merchant cannot sell it for any less, because under section 94 he may get a drawback, and he cannot take any chances, and so he charges the full price. He is a wholesale dealer in salt and handles no fish for export, and it is impossible for him to go to the collector of customs and make an affidavit that the salt he sold this man was used for fish exported out of the country. It can work in respect of some raw materials that are imported. For instance, raw rubber is imported directly by the manufacturer, who knows exactly what raw material goes into the product which he exports. His operation is concentrated, because the work is done right in his factory. But when thousands of people are involved, how in the name of conscience can anyone be convinced that section 94 can be applied to the importation or exportation of salt so far as drawback is concerned? It cannot be done.

Mr. RHODES: I cannot possibly finish to-night, and for that reason I was going to ask the committee to rise,—unless my hon. friend

opposite is particularly anxious to speak. It is nearly eleven o'clock and I should like to introduce some bills.

Mr. RALSTON: I am in the hands of the committee.

Mr. RHODES: I move that the committee rise and that the chairman report the resolutions on the Customs Tariff and the Income War Tax Act, and that with respect to the other resolution he report progress and ask leave to sit again. I want to introduce bills founded upon the first two I have named.

Income War Tax Act and Customs Tariff —resolutions reported.

Special War Revenue Act—progress reported.

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 95, to amend the customs tariff.

Motion agreed to and bill read the first time.

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 96, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

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

Wednesday, May 18, 1932.

The house met at three o'clock.

UNEMPLOYMENT AND FARM RELIEF

Hon. R. J. MANION (Minister of Railways and Canals): On behalf of the Minister of Labour (Mr. Gordon), I desire to lay on the table orders in council numbers 1154, 1155, 1156, 1158, 1159, 1160, 1161, 1162, 1163 and 1164, all dated May 17, 1932, passed under the authority of the Unemployment and Farm Relief Continuance Act, 1932, and all relating to the payment of money.

WATERTON GLACIER INTERNATIONAL PEACE PARK

Hon. T. G. MURPHY (Minister of the Interior) moved for leave to introduce Bill No. 97, respecting the Waterton Glacier International Peace Park.

Some hon. MEMBERS: Explain.

Mr. MURPHY: Waterton Lakes national park in Canada and Glacier national park in the United States adjoin each other along the international boundary between Alberta and Montana; they have long been recognized by the public in both countries as constituting virtually one park unit and, therefore, in some respects, are international in character. Indeed, some of the principal features of the United States park are more readily accessible from the Canadian than the United States side, notably the upper Waterton lake which lies partly in the United States and partly in Canada, and the Kintla icefields in Glacier park which are usually visited by way of Canadian trails.

Some months ago the government of the United States approached the government of this country for the purpose of ascertaining the views of this government in regard to giving these two park areas, namely Waterton Lakes national park in Canada and Glacier national park in the United States, one name which would be Waterton Glacier International Peace Park. The Canadian government, being desirous at all times of promoting that peace and goodwill which exist between the two countries, agreed on the understanding that similar legislation would be passed by both governments. A bill known as the Waterton Glacier International Peace Park bill has been passed by the United States and is now law, and the purpose of introducing this bill is that similar action may be taken by Canada.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

GARNET WHEAT

Mr. MOTHERWELL:

1. Was the Board of Grain Commissioners or any member thereof instructed to address a number of public meetings throughout the northerly prairie region during the past twelve months, on the subject of grading Garnet wheat?
2. If so, who issued such instructions?
3. Will the government supply the house with a copy of such instructions?

Mr. STEVENS:

1. No.
2. and 3. Answered by No. 1.

RIVIÈRE-AU-TONNERRE—ANTICOSTI MAIL SERVICE

Mr. CASGRAIN:

1. Was the contract to transport the mail between Rivière-au-Tonnerre and the island of Anticosti, held by Mr. Felix Duguay of Rivière-au-Tonnerre, cancelled?
2. If so, why?
3. Who replaced Mr. Duguay in transporting the mail between Rivière-au-Tonnerre and the island of Anticosti?

4. By whom was he recommended?
5. Were tenders asked and an examination held in connection with said contract?
6. What price was allotted to the person who at present holds the contract?

Mr. SAUVE:

1. No. Service performed under a temporary arrangement which expired at the close of last season.
2. See No. 1.
3. Mr. Willie Boudreau.
4. Mr. C. J. Belanger.
5. No.
6. $25 per trip—temporary agreement.

TOBACCO STATISTICS

Mr. GOTT:

1. How many pounds of tobacco, raw leaf, were imported into Canada for the 12 months ending March 31, 1932: (a) from the United States; (b) from other countries?
2. How much manufactured tobacco was imported for the same period from all countries?
3. How much excise duty was collected on cigarettes for the year ending March 31, 1931?
4. How much in excise or other taxes was collected by the government of Canada, all branches, from the tobacco industry, all branches, for the same period?
5. How much tobacco was exported from Canada during the same period?
6. To what countries was it exported?
7. How many cigarettes were manufactured and sold in Canada from which excise duty was collected for the fiscal year ending March 31, 1932?
8. What was the total excise duty collected?

Mr. RYCKMAN:

1. (a) 12,216,403 pounds; (b) 858,932 pounds.
2. 308,403 pounds.
3. $30,499,222.84.
4. Import duties collected on manufactured tobacco in the fiscal year ended 31st March, 1931, $631,237; excise taxes and excise duties, $42,489,989.39.

Note—Sales tax not included being not available as separate statistics for each commodity are not maintained.

5 and 6. Exports of Canadian tobacco, by countries, fiscal year ended 31st March, 1931:

Country	Domestic produce Lbs.	Foreign produce Lbs.
Great Britain	4,820,608	41
Australia	28	–
Barbados	120	–
Bermuda	318	–
British South Africa	17	–
Ceylon	7	–
Hong Kong	5	–
Jamaica	1,041	–
Malta	2,418	–
Newfoundland	26,480	–
New Zealand	649	–
Nigeria	16,435	–
Belgium	949,886	–
Canary Islands	32,510	–
China	269,609	–
Denmark	11,074	–
France	114	–
French Oceania	–	20
Germany	10,203	–
Japan	2,525	–
Miquelon & St. Pierre	445	15
Netherlands	133,958	38,306
Panama	12	–
Switzerland	28,005	–
United States	15,600	5,900
Totals	6,322,067	44,282

7. Manufactured, 4,343,670,199 cigarettes; entered for consumption, 4,401,628,785 cigarettes.

8. As of 31st March, 1932, $49,322,471.37.

* PERMANENT FORCE ARTILLERY STORES

Mr. MacINNIS:

1. What is the total value of the spare parts kept in store for the repair of the mechanized apparatus used by the artillery units of the permanent force of Canada as at the commencement of each of the years from 1928 to 1931, inclusive?
2. What was the total value of the spare parts taken from store and used by, or in connection with, the artillery units during each of the years from 1928 to 1931, inclusive?
3. Are the above mentioned stores kept in Ottawa and, if not, in what part or parts of the country are they located?
4. Are public tenders called in the purchase and replacement of these stores and, if not, what method of purchase is employed?

Mr. BENNETT: I think, by common consent, it will be agreed that the question should not be answered. It is not in the public interest, as that term has been defined in British countries, that questions Nos. 1, 2 and 3 should be answered. Question No. 4 will be answered. I may say, as parliament votes the money and provides in the first instance the uses to which it may be put, it is certainly not in the interest of the public nor in that of the administration of the department that answers should be given to the first three questions.

Mr. SPEAKER: Paragraphs Nos. 1, 2 and 3 of question No. 6 dropped, and paragraph No. 4 will stand.

MOTION FOR PAPERS

ILE-AUX-COUDRES-LES EBOULEMENTS FERRY SERVICE

Mr. CASGRAIN:

For a copy of all correspondence, letters, telegrams, petitions and other documents in connection with the contract to be awarded by the Trade and Commerce department, for the ferry-boat service between Ile-aux-Coudres and Les Eboulements, in the county of Charlevoix, since the 1st of January, 1932, together with the evidence taken in writing of all the witnesses heard at the hearing held by Mr. F. E. Bawden, of the Trade and Commerce department, at Baie St-Paul, in the month of May, 1932, and his report upon such matter to the minister, and the decision arrived at by the minister.

Mr. SPEAKER: When this motion was first introduced, objection was taken that it was premature in that it asked for particulars in connection with a contract that had not yet been awarded. The request was made that the motion should be allowed to stand until it became appropriate. Therefore it stands.

Mr. BENNETT: It is a question of policy.

Motion stands.

UNOPPOSED MOTION FOR PAPERS

FAUVEL, QUE., POST OFFICE INVESTIGATION

Mr. MARCIL:

For a copy of the report made by the commissioner appointed to inquire into the Fauvel post office, county of Bonaventure, together with copy of the evidence taken at that investigation.

RADIO BROADCASTING

CONSTITUTION OF COMMISSION FOR ACQUISITION, OPERATION, REGULATION AND CONTROL

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 94, respecting radio broadcasting.

He said: In moving the second reading of the bill which stands in my name, I desire to intimate to the house that in a general way it follows the committee's report which was unanimously adopted a few days ago and it is based upon principles which the government believes should be adopted, because they fulfil two essential requirements without which radio broadcasting in Canada must fail in service to the Canadian people.

First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national concern and for the diffusion of national thought and ideals, and without such control it can never be the agency by which national consciousness may be fostered and sustained and national unity still further strengthened. Other and alternative systems may meet the requirements of other countries, and in any case it is not my purpose to comment unfavourably upon those systems. But it seems to me clear that in Canada the system we can most profitably employ is one which, in operation and control, responds most directly to the popular will and the national need. In this stage of our national development we have problems peculiar to ourselves and we must reach a solution of them through the employment of all available means. The radio has a place in the solution of all those problems. It becomes, then, the duty of parliament to safeguard it in such a way that its fullest benefits may be assured to the people as a whole.

Furthermore, radio broadcasting, controlled and operated in this way, can serve as a dependable link in a chain of empire communication by which we may be more closely united one with the other in that enduring fellowship which is founded on the clear and sympathetic understanding which grows out of closer mutual knowledge.

No other system of radio broadcasting can meet these national requirements and empire obligations. Therefore, the parliament of Canada is asked to support the principle embodied in this measure.

Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate. In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada. And furthermore, the particular requirements of any community may be met by the installation of low power stations by means of which local broadcasting service may be obtained.

Operation under the technical plan covered by the bill has been made possible by an arrangement between this country and the government of the United States, by which the necessary channels when required will be made available for effective domestic use.

I desire to acknowledge the friendly spirit which is manifest in this arrangement. I believe that the plan now suggested when in operation will permit Canada to enjoy a scheme of radio broadcasting unexcelled in any other country in the world.

Then there is a third reason to which I might refer, and one which I believe must commend itself to every hon. member in this chamber. The use of the air, or the air itself, whatever you may please to call it, that lies over the soil or land of Canada is a natural resource over which we have complete jurisdiction under the recent decision of the privy council. I believe that there is no government in Canada that does not regret to-day that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people. In view of these circumstances and of the further fact that broadcasting is a science that is only yet in its infancy and about which we know little yet, I cannot think that any government would be warranted in leaving the air to private exploitation and not reserving it for development for the use of the people. It well may be that at some future time, when science has made greater achievements than we have yet a record of, it may be desirable to make other or different arrangements in whole or in part, but no one at this moment in the infancy of this great science would, I think, be warranted in suggesting that we should part with the control of this natural resource. I think, Mr. Speaker, that that is a third and adequate reason why we should proceed with the bill.

The bill divides itself roughly into three parts. First, that part which provides for the appointment of a commission. We have been very careful to suggest no salaries for the members of the commission. Inasmuch as the report that came from the committee was a unanimous report, the government thought that it would be the proper thing for the house to consider the qualifications of the commissioners and what would be a fair compensation for them to receive for the services rendered. The commission is clothed with wide powers and with large discretions, as in the very nature of things must be so. There are assistant commissioners in each of the provinces, nine in all, and provision is made for local advisory committees so that from the small unit up to the dominion there is effective democratic control of broadcasting.

In the second place, we have provided that no large expenditures shall be made, so that in the early stages of the development of this great enterprise the Canadian people might not be led into capital commitments the interest upon which would be too great a burden upon them. We therefore in this measure for the present have provided that capital expenditures and all expenditures shall be within the income derived from the licence fees. That is, if there are five hundred thousand licences at two dollars per licence, the commission would have an income of one million dollars, which sum would not be more than expended by the commission in any one year. It is also provided that if the sum thus collected is not expended in any one year it shall be cumulative and the balance shall inure to the benefit of the commission during the next and succeeding years.

Then there follows, of course, the provision for the commission expropriating stations when it is in a position financially so to do, with the limitations to which I have referred, and those expropriations will be made at such time and under such circumstances as will enable the commission to discharge its duties without incurring large financial obligations.

It will be observed that there are sections in the bill other than those dealing with the salaries to be paid to the commission which have been left blank, in order that the committee of the house when we are in committee on the bill may by appropriate discussion indicate what is thought to be, not in the interests of one party nor of any party but of the people as a whole, the best method with which to deal with these particular matters.

I think that I can say in no boasting spirit that the measure at least endeavours to meet the recommendations of the committee without regard to political considerations of any kind, and we leave to the house at large the determination of the type and kind of service the country shall receive having regard to the compensation it is prepared to pay to those who will be responsible for the administration of the act.

Hon. ERNEST LAPOINTE (Quebec East): I just wish to endorse the views expressed by my right hon. friend the Prime Minister and to say that I am in full accord with the principle embodied in this bill. I have been supporting this principle from the first, more particularly after the work of the Aird com-

mission, but I knew the difficulties in the way and the strength of the propaganda carried on to prevent the work of that commission from having the results which we witness to-day.

I am pleased with the work which was done by the committee which has been studying this question, and I congratulate the members of that committee on the excellent work which they did. I congratulate the house upon having this bill introduced at the present session, and I congratulate the people of Canada on the principle which is represented in the bill.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should just like to associate myself with the last speaker (Mr. Lapointe) in congratulating the Prime Minister on his promptness in bringing down this bill to implement the report which has been unanimously adopted. May I further express my own very great appreciation of the admirable statement which the Prime Minister has made?

Mr. E. J. YOUNG (Weyburn): I just wish to correct a statement made by the Prime Minister (Mr. Bennett) and repeated by the hon. member for Winnipeg North Centre (Mr. Woodsworth) namely, that the report was adopted unanimously. I voted against it.

Mr. MANION: That makes it unanimous.

Mr. BENNETT: May I say that I think the hon. member for Weyburn (Mr. Young) is more vocal to-day than then.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

Sections 1 and 2 agreed to.

On section 3—Canadian radio broadcasting commission.

Mr. BENNETT: I should like the opinion of the committee on this section, and perhaps we might proceed with the next and succeeding sections and come back to this later.

Section stands.

Sections 4 and 5 agreed to.

On section 6—Assistant commissioners.

Mr. CARDIN: Would it not be possible to strengthen the language of clause 6? It says that the governor in council "may" appoint, and so on. I should like to make it the duty of the governor in council to appoint the necessary commissioners for each province.

Mr. BENNETT: I think with his wide knowledge of the interpretation section of the dominion statutes my learned and hon. friend will realize that this is the proper language for a statute. I can assure him action will be taken in accordance with the provisions of the section. I think if he will look at it he will find that the word "may" is the proper word.

Mr. CARDIN: I want to have it clear that so far as the programs are concerned the provinces will have something to say.

Mr. BENNETT: Quite so.

Mr. EULER: There was a clause in the report which recommended that in the appointment of commissioners no political preference should be exercised. Is it possible to incorporate that into the bill, or what is the intention of the government in that regard?

Mr. BENNETT: I think the hon. member realizes it is difficult to incorporate language such as that in a bill, having regard to the general rules which govern in the preparation of statutes. I assure him, however, that every regard shall be had to the principle indicated, and if he has any suggestions to make which will enable the government to have a more comprehensive list from which to make a choice, and if he will forward those suggestions to the government, they will receive every consideration.

Mr. EULER: May I assume the government adopts the principle that was suggested in the report?

Mr. BENNETT: Yes, we have adopted the report.

Section agreed to.

Section 7 to 13 inclusive agreed to.

On section 14—Expenditure of moneys.

Mr. BENNETT: If hon. members will look at section 14 they will find the language is as follows:

> Parliament shall not appropriate for such purposes any sum in excess of the estimated revenue from receiving licences,—

And so on. My hon. friend the Secretary of State has directed my attention to the fact that that is not good language to employ, because this parliament cannot forbid what another parliament or the same parliament may do. I am going to change the language of this section so that it will be more appropriate. I ask therefore that for the moment this section be allowed to stand.

Mr. GARLAND (Bow River): When the Prime Minister made his explanation of this bill he suggested that the revenue of the commission should be derived from receiving licences. This clause provides for not only receiving licences, but private commercial broadcasting licences, amateur broadcasting licences, and receipts arising out of the business of the commission under this act. That refers to advertising.

Mr. BENNETT: Under this act.

Mr. GARLAND (Bow River): I wish to have the Prime Minister make it clear that the revenues of the commission are not necessarily confined to those from receiving licences, but include also such things as advertising.

Mr. BENNETT: Any sums of money that may be derived from any service rendered by the commission will be paid into the consolidated revenue fund as part of the revenue of the commission. It will be observed that in this bill we have endeavoured to establish the principle that the commission itself shall not handle this money—if I may use that word—but that it will pay it into the consolidated revenue fund, and parliament will vote, on the basis of what our revenues have been, the sums of money that the commission may have available. We do not want to meet an accumulated deficit, thereby injuring the value of the commission before it gets properly under way.

Mr. EULER: May I make an observation that comes to my mind after listening to what the Prime Minister has said with regard to possible deficits. Supposing there are surpluses, which might be set aside by the commission as a reserve for future expenditures; what would happen in such a case? I notice that the second paragraph of part (2), clause 14 provides:

> Provided that if at the end of any fiscal year there is a balance of appropriated moneys unexpended or if the revenue from sources mentioned in the preceding subsection exceeds the amount appropriated, parliament may appropriate any such balance or excess in addition to any appropriation permitted hereunder.

I suppose that means that the excess would come into the consolidated revenue fund, and could be used for other purposes. If the commission has in mind the idea of having that reserve for its own purposes, I do not think that should be done.

Mr. BENNETT: It will be observed that this statute does not contemplate the possibility of the commission dealing with money, other than to receive it and pay it into the consolidated revenue fund. As this work proceeds in accordance with the appropriation made by parliament from year to year, the drafts or cheques are drawn not by the commission itself but by the appropriate minister, or the appropriate authority, to meet the indebtedness incurred by the commission within the appropriation made by parliament. The money will always be in the consolidated revenue fund. When parliament makes its appropriation for one year, it is bound then by the expected revenues of that year. If however the revenues are larger and there is a surplus of $200,000 or $300,000 and parliament comes to make appropriations in the next year, the appropriation is not limited to the expected revenue of that year but also to the revenue that accrues from the accumulated surplus of the year before.

Mr. EULER: If there is a surplus taken from the owners of the receiving sets, and that money is used for other purposes, for purposes other than—

Mr. BENNETT: It cannot be.

Mr. EULER: If it cannot be I will be quite satisfied.

Mr. BENNETT: It cannot be. If my hon. friend will examine the language carefully he will observe that it is to meet the very suggestion he makes that that language is used. In the very nature of things it would have to be so deposited as to be available for the action of parliament. Since appropriations come from parliament, and as any surplus will be in the consolidated revenue fund, it will thus be available to meet the necessities of the commission during the succeeding year.

Mr. EULER: I may appear dull, but may I put it this way: If there is a surplus in the account, will parliament or the government have any power to use it for general purposes?

Mr. BENNETT: It would not have the power to expend it. But need I say to my hon. friend, who has been a minister of the crown, that in the consolidated revenue fund to-day there are accumulated payments of superannuation fund which are being used all the time. This money is not being spent, but it might be in use. It belongs to the radio commission, and to that commission only, subject to the direction of parliament.

Mr. EULER: I do not wish it to be used for other purposes, that is all.

Mr. YOUNG: The Prime Minister says there cannot be a deficit. He also said parliament

would vote a sum for the purposes of the commission equal to the estimated revenue for the year. If we provide that sum and the revenue falls short of the estimate, will there not be a deficit?

Mr. BENNETT: The money will not be expended. I am not perhaps less mindful than the hon. member for Weyburn of the necessity of meeting that situation. I hope he will not misunderstand me when I say that I do not think he will find on the statute books any provision as drastic as this to prevent that situation arising.

Mr. MacLEAN: Are there any stated licence fees, or will the commission have power to impose any fees they wish?

Mr. BENNETT: If the hon. gentleman will look at section 9 he will observe what the powers of the commission are with respect to broadcasting, and section 8 provides for the general determination of questions of that character. The minister's power under the Radiotelegraph Act still continues, as will be observed; but the commission has power to make recommendations to the minister in connection with all these matters, and I would take it the power conferred by the Radiotelegraph Act as to the governor in council fixing the licence fees still continues.

Section 14 stands.

Sections 15 to 19 inclusive agreed to.

On section 20—Oath of office.

Mr. POWER: This section seems to be somewhat peculiar. It is not found in any other statutes.

Mr. BENNETT: That is right.

Mr. POWER: I do not want to criticize it, but would the Prime Minister tell us what he has in mind?

Mr. BENNETT: Section 20 contains the form of oath which the commissioners will take. It must be within the experience of some members of this house that the ordinary form of oath, "I will discharge my duties according to law," has left some persons who have taken that oath in doubt as to just what their obligations were. To remove any doubt of that kind it was thought desirable in this instance that the obligations of the oath should be indicated clearly, that is:

> I do solemnly swear that I will faithfully, truly and impartially, to the best of my judgment, skill and ability, execute and perform the office of chief commissioner (or as the case may be) of the Canadian Radio Broadcasting Commission, and that, while I continue to hold such office, I will not accept or hold any other office or employment or be interested, either directly or indirectly, in my personal capacity or as a shareholder in any company or partner in any firm or otherwise, in any commercial dealing in relation to radio broadcasting or in the manufacture or distribution of sending or receiving sets or other radio equipment.

I think most members will agree it is desirable that whoever accepts these positions with the provisions of the statute as they are, should have those provisions brought directly to his attention as he executes the oath of office.

Section agreed to.

On section 21—Offences and penalties.

Mr. BENNETT: This section contains two blanks. I would ask the house to look at the section:

> Every person who commits a breach of any provision of this act or of any regulation made thereunder shall be guilty of an offence punishable on summary conviction by a fine not exceeding ..... dollars or by imprisonment for a period not exceeding ..... or by both fine and imprisonment.

I am wholly in the hands of the committee with respect to the matter. I should say not exceeding a reasonable fine, because matters of very considerable importance are involved. Would "not exceeding one hundred dollars" be sufficient? My friend the Minister of Justice says that under some of our statutes it is somewhat higher, not exceeding two hundred dollars. This is the maximum discretion which might be exercised.

Mr. BROWN: It does not occur to me what offences might be committed against this act.

Mr. BENNETT: If the hon. member for Lisgar will look at section 8 and at section 9 he will realize the possibilities of offences in connection with over-running of time, blocking of channels, unauthorized programs, or interference with the work of the commission itself in connection with local or provincial undertakings. For instance, during the war the hon. gentleman will recall a station was found in South America that nobody knew anything about. Then there is the offence of operating stations without authority, and matters of that kind.

Mr. POWER: Say two hundred dollars.

Mr. BENNETT: Not exceeding two hundred dollars?

Mr. BRADETTE: What is the exact meaning of "summary conviction"?

Mr. BENNETT: The words "summary conviction" as defined by the criminal code mean a conviction before a justice of the peace, a stipendiary magistrate, two justices of the peace exercising the powers of such, or a police magistrate. The words indicate the process under which convictions are obtained. namely, the offender is brought directly before the magistrate and charged, and his case heard and disposed of summarily, that is, without delay and without recourse to other than the magistrate himself.

The CHAIRMAN: Shall the blanks in clause 21 be filled in by adding the words "two hundred dollars" and—

Mr. BENNETT: "Six months."

Mr. LAPOINTE: "Not exceeding."

Mr. BENNETT: Exactly, "not exceeding two hundred dollars," and "not exceeding six months."

Amendment agreed to.

Section as amended agreed to.

On section 3—Canadian Radio Broadcasting Commission.

Mr. BENNETT: As the committee will remember, section 3 is standing. I do not propose to take the bill out of committee at this sitting; there is the language of one section that I want to scrutinize a little more closely. I am sure the government would be glad to have an expression of opinion as to what the chief commissioner should be paid. Shall I say what in my judgment should be the qualifications of a commissioner?

Some hon. MEMBERS: Yes.

Mr. BENNETT: There should be one technical commissioner in my judgment, that is, one well informed radio engineer whose knowledge of the science would be such as to prevent him being imposed upon and enable him to appreciate to the full any technical advice he might receive. My experience with commissions is that it is highly desirable when you are dealing with technical matters that there should be one member who is at least capable of appreciating the advice he may receive or the assistance he may seek from technical sources. The commissioners should be men with an excellent appreciation and understanding of the value of broadcasting to the nation, and should have some understanding of what is pleasing to the major part of the people of this country in the form of programs. The assistant commissioners—one in each province, I take it—would have effective control over what someone in the newspapers described the other day as "a too highbrow performance," whatever that may mean; but there seemed to be a great fear that something of that sort might emanate from this parliament.

Mr. EULER: No danger.

Mr. BENNETT: I take it they were listening to the debates in this house.

Mr. EULER: Then they were very generous.

Mr. BENNETT: But at any rate they should be good average Canadians with a knowledge of their country and an understanding—shall I say?—of music, art and literature from the standpoint of being able to offer to their fellow citizens programs that would be in keeping with the general hopes and aspirations and ideals of the average Canadian family.

Mr. POWER: Would the salaries be subject to such modifications as may be made by act of parliament, or to any additional income tax as may be imposed by parliament?

Mr. BENNETT: I think in view of existing legislation, that might be fairly understood, for we have a statute providing that if they fail to pay their income tax we may deduct it from their salaries. With the aid of that statute I do not think it would be necessary to add this provision.

Mr. DUFF: If the appointee is drawing a pension will the amount be reduced?

Mr. MERCIER (Laurier-Outremont): The Prime Minister has suggested that one of the members of the commission should be a radio engineer. Are there many radio engineers available in Canada?

Mr. BENNETT: Yes, I think there are at least ten or twelve of whom I have knowledge.

Mr. LAPOINTE: Owing to the fact that there is a provision in the bill which will preclude a commissioner from holding any other office or occupation or engaging in any trade, the salary of necessity must be sufficient to attract men who are well qualified. I would suggest that the salaries of the railway commissioners be taken as a basis for the salaries of the members of this commission.

Mr. POWER: May I point out to the Prime Minister that I am afraid the ex-Minister of Justice misunderstands section 20, which recites the oath which is to be taken by these commissioners. The oath only covers

employment in business directly or indirectly connected with radio or broadcasting, and there is nothing in this act as I read it—though I may have read it too rapidly—which prohibits the members of the commission from carrying on business in some line other than radio. I would suggest to the Prime Minister that perhaps some provision of that kind might be included, and I would suggest also that we make provision for the retirement on pension of these commissioners at the end of ten years. I think the Prime Minister knows, as every member of the house knows, the difficulty of obtaining the services of suitable men when they must retire from participation in ordinary business affairs to accept a position which will guarantee them employment for only ten years. If they have devoted their whole time to their work, at the end of the ten year period they probably will not be fitted to take part in any other business, and their future will be by no means secure. So I would suggest first that they be not permitted to carry on any other business, and in the second place that some provision be made for a retiring allowance or pension.

Mr. BENNETT: I am bound to say that the suggestion of the hon. member for Quebec South was in my mind, but in the beginning of this venture I hesitated to provide for retiring allowance. If it is the sense of the committee that such should be done, however, I shall be very glad to amend this section accordingly and make provision for payment by these commissioners into the superannuation fund, if it is thought desirable, as I think it is, to provide for the acquisition of an annuity in that way, and the salary might be based upon that assumption. I think it is unwise in a case of this kind to provide for a retiring allowance unless payments are made by way of contributions to the superannuation fund. I merely suggest that for the moment, and if the section stands, as it will, I will move that the committee rise, but I shall be very glad to hear further expressions of opinion on the matter. I might add that I thought it was clearly stated that the commissioners should not engage in any other business or occupation. That is not so, and that will be amended. My own view is that a salary of less than $12,000 for the chairman of the commission would not be adequate.

Mr. LAPOINTE: That is the salary paid the chief of the railway board, is it not?

Mr. BENNETT: I cannot say with certainty, but that amount was in my mind.

Mr. STEWART (Edmonton): That is the salary of the chairman of the grain commission.

Mr. BENNETT: In order not to delay the business of the house, hon. members might be good enough to give some little attention to that question between now and the time when the bill is again considered in committee. As I say, I had in mind the sum of $12,000 for the chairman and perhaps $10,000 for the other members of the commission, with provision for a retiring allowance which they would purchase by payments into the superannuation fund. It was also my opinion that they should not engage in any other business or occupation, but in these matters I am entirely in the hands of the committee. The government has no policy in this regard, but we felt that the unanimous report of a select committee should be treated in the sense in which it was made, and we leave these matters entirely to this committee. Therefore I will ask that this section stand, and in order that these questions may be considered I move that the committee rise, report progress and ask leave to sit again.

Mr. DUFF: If the commissioners are appointed during the fiscal year 1932-33 will they, in the words of the Minister of Finance, be expected to make a contribution of ten per cent of their salaries to the consolidated revenue fund?

Mr. BENNETT: Yes.

Mr. MARCIL: I must congratulate the committee on the splendid work they have done, and I am glad that such general agreement with this measure has been expressed from every side of the house. There has been one question put to me, and I am bringing up the matter to enable the Prime Minister to make a declaration on this point. We have a large French population outside of Quebec in the eastern part of Ontario, in New Brunswick, in Nova Scotia and even in Prince Edward Island. Radio broadcasting in French is carried on during certain hours of certain days of the week in these different localities, and I would like the Prime Minister to state whether this broadcasting would be continued under the new arrangement.

Mr. BENNETT: I think that is covered, Mr. Chairman, by sections 6 and 9 of the bill. I think an adequate safeguard is provided to ensure the continuance of the programs to which the hon. gentleman has referred, and which at times I have heard.

Mr. CAYLEY: In our hurry to put through this bill I omitted to ask what was meant by subsection (g) of section 8. What has the Prime Minister in mind there?

Mr. BENNETT: It will be remembered that in small local communities where it is desired that there be local broadcasting stations, there might be some difficulty in the way of providing for the construction and operation of such stations, and this provision will enable the commission, if it is thought desirable, to assist and encourage the construction of such stations, since otherwise such communites be deprived of the value of any national broadcasting efforts.

Mr. MACKENZIE KING: From the point of view of the avoidance of political partisanship, may I mention to the Prime Minister that possibly the appointment of the commissioners might be made by a method similar to that adopted some years ago, in the appointment of a chief electoral officer, at which time there was a conference between the two sides of the house. I do not urge that suggestion, but I place it before the Prime Minister for his consideration. He may recall that when Colonel Biggar was chosen chief electoral officer the appointment was made as the result of a conference between both sides of the house, and as long as Colonel Biggar occupied that position he held the confidence of all parties. Whether or not that method would be advisable in this instance I leave it entirely to the Prime Minister to say. We must recognize that in radio broadcasting political partisanship, should it be indulged in at all, might become a very serious affair. I do not for a moment suggest or insinuate that such would be the case, but we must recognize that if this were to be done the dangers might be very considerable and the resultant discontent very grave. Anything that will help remove the possibility of the slightest suspicion of political partisanship will be most helpful. In that regard might there not be an advantage in adopting, in connection with this measure, what was suggested and in fact is intended with respect to the modifications that are being made in relation to the Civil Service Commission. If I recollect rightly, it is intended that a standing committee of this house shall have an opportunity of reviewing from year to year, matters that come under the provisions of the Civil Service Act. It might be advisable to extend that provision to take in matters coming within the scope of the radio broadcasting commission's work. I suggest this for the consideration of the government.

[Mr. Bennett.]

Mr. BENNETT: Perhaps the last point raised by the right hon. gentleman is covered by section 4:

> The commission may employ such technical, professional and other officers, and clerks and employees, as may be necessary. Such officers, clerks and employees shall be appointed pursuant to the Civil Service Act.

Therefore the operations of these employees and servants would, in my judgment, come within the purview of the powers of the committee. I do not think there can be any doubt about that; it is fairly clear. I fancy that in passing the section the committee did not observe that these appointments are all to be made by the Civil Service Commission. As to the first point raised by the right hon. gentleman, I certainly will give it serious consideration.

Mr. MALCOLM: I would direct the Prime Minister's attention to section 5. Subsection 1 provides:

> The commission shall be a body corporate having capacity to contract and to sue and to be sued in the name of the commission.

As I understood the right hon. gentleman's remarks, the commission are to handle no money whatever. Cheques are to be issued by the minister of the department in charge of this commission. We must remember that everything which is done in connection with operating radio stations is done subject to patent, and should patent litigation arise as a result of some action of the commission and should the holder of the patent be sued, what provision would be made for satisfying any judgment that might be given against the commission.

Mr. BENNETT: Obviously, I suppose, the same situation would arise as arises in any case in which judgment is recovered against any defendant. The defendant in this case would have to secure from parliament such funds as might be necessary for the purpose of discharging the judgment. Possibly I did not, I gather from what my hon. friend has said, make the situation as clear as I should have done. While the commission certainly will have a bank account and moneys, the moneys it receives must be paid into the consolidated revenue fund. The treasury department will provide the commission with money with which to carry on business. It does not mean that the payment of men who may do work around the commission's properties will be made through cheques from the treasury. The treasury will give them such funds as may be necessary to enable them to discharge debts under the act. It would be

rather too difficult for the commission to carry on as my hon. friend apparently understood me to indicate. Perhaps I was speaking hurriedly if he so understood me.

Mr. MALCOLM: The possibility of patent litigation is what occurs to me. Undoubtedly the commission will be empowered to issue cheques for current expenses, wages and so forth. But should a large patent suit arise, which the commission would have to defend —and this is quite within the realm of possibility in relation to so highly technical a business—would the judgment be satisfied by the commission taking out of current revenue a sufficient sum for the purpose, or would the plaintiff have to secure an act of parliament before his judgment could be met?

Mr. BENNETT: In my opinion, the plaintiff obtaining such a judgment would, as this statute now stands, have to wait until an appropriation was made by parliament to enable the judgment to be discharged; and my view of the matter, having regard to my experience with the courts, is that the court would grant a stay until such time as parliament could make an appropriation to meet the judgment.

Mr. HOWARD: I agree with the provisions of this bill, but there is one suggestion which I should like to offer to the Prime Minister. In view of the preponderance of French Canadians in my province—and indeed there are many French Canadians throughout the rest of Canada—I submit that one commissioner should be French-speaking.

Mr. BENNETT: I thought that was understood in the committee. The chairman tells me it is so.

Mr. MALCOLM: There is one other point in connection with section 20 which I want to bring to the Prime Minister's attention. Under this bill the oath of office seems to me to be too broad:

> . . . in my personal capacity or as a shareholder in any company or partner in any firm or otherwise, in any commercial dealing in relation to radio broadcasting or in the manufacture or distribution of sending or receiving sets or other radio equipment.

With the last clause I see no difficulty; but can anyone imagine any line of business in Canada that will not be affected by radio broadcasting? Almost every line of business will use the radio at some time or other for advertising purposes, and this requirement is so broad that it almost prohibits the commissioner from investing his money in any business or stock, because, almost every business uses the radio for advertising.

Mr. BENNETT: If the hon. gentleman will look at it closely he will see that it refers to the dealings of the individual himself.

Mr. MALCOLM: Of the commissioner.

Mr. BENNETT: Yes. Two things you have in mind; one is that he shall not be in a position where he would benefit by reason of being a shareholder or partner in any business that has any relationship with radio. The other clause to which the hon. gentleman refers must be read in the sense of the commissioner individually having dealings with such enterprises.

Mr. MALCOLM: But may I point out that two competitive firms might be demanding the same hour, one of them having a considerable number of shareholders among the employees of the company. Employees would not be shareholders in any company broadcasting, without showing preference to their own company.

Mr. BENNETT: It would not be construed so broadly.

Mr. MALCOLM: That is the way it is worded.

Mr. BENNETT: I do not think so.

Mr. MALCOLM: I submit that it could be interpreted in that way.

Mr. McKENZIE (Assiniboia): Section 14 provides that the commission:

> may expend for the purposes of this act the moneys appropriated by parliament for such purposes.

Is it intended that the licence fees and other revenues must pay the salaries and everything else connected with the act?

Mr. BENNETT: Yes.

Mr. McKENZIE (Assiniboia): I have received a good many letters from people in my constituency, and there seems to be a misunderstanding with regard to this bill. These people intimate to me that they are satisfied with the present arrangement in connection with radio broadcasting in Canada. They appear to be rather apprehensive of this departure and one reason is that they are afraid that this new system will make the radio too expensive. The radio licence heretofore has been $1, and now it has been increased to $2, and some people are afraid that if we set up a commission and all the money necessary for its operations has to come out of licence fees, then instead of $2 the fee may be increased to $10 within a year. This is something of considerable importance to the people of Saskatchewan, and I should like to

have some assurance from the government that, should the cost of radio licences become excessive, some means will be devised of meeting that situation. The radio is one advantage which the people in the rural districts have enjoyed at a very reasonable cost, and I, for one, should not like to see the radio licence raised to an excessive point, because it would be a great hardship on the poorer people in the rural districts in my province at any rate.

Mr. MALCOLM: Before this bill leaves the committee, I should like to ask the Prime Minister whether, in his opinion, this legislation will cover television which is probably the most important feature on the horizon in connection with general broadcasting.

Mr. BENNETT: Undoubtedly the legislation is so framed as to cover any changes that may be made for the use of any new scientific knowledge applied to broadcasting. It would of course cover television as a feature of broadcasting. The definition clause is, I think, sufficiently broad to cover those matters. Paragraph (a) reads:

"Broadcasting" means the dissemination of radioelectric communications intended to be received by the public, either directly or through the medium of relay stations.

Paragraph (h), which defines "radio" reads:

"Radio" means and includes radiotelegraph, radiotelephone and any other form of radioelectric communication including the wireless transmission of writing, signs, signals, pictures, and sounds of all kinds by means of Hertzian waves.

I think that is sufficiently broad.

As regards the question raised by the hon. member for Assiniboia, he must realize that as parliament will determine the question of expenditures, the question of licence fees charged must also be reviewed every year by parliament.

Mr. SPEAKMAN: I had it in mind to ask a question similar to that asked by the ex-Minister of Trade and Commerce (Mr. Malcolm). Another development that is now, I think, well within sight, is transmission of power by the use of wireless energy. There is no question that this is now a scientific possibility and I have no doubt in the next few years it will become commercially possible. I trust, under this legislation or subsequent amendments, we shall still retain our control over the air for that purpose also.

Mr. BENNETT: This legislation does not contemplate the control of the transmission of electric energy, which, so far as we now know, is transmitted by wires and not otherwise. If the time comes when wireless transmission of electric energy is a commercial possibility, no doubt this parliament having control of the air, as representing the people of the dominion, would be able to deal with the matter.

Mr. SPEAKMAN: That is what I had in mind. Our control over the air is now well established.

Mr. MERCIER (Laurier-Outremont): Has the Prime Minister any idea as to what amount will have to be expended in expropriating the stations already in existence?

Mr. BENNETT: That would be a matter of gradual determination and it would be very difficult to say what the value of the stations now in existence would be, having regard to the fact of allowance for obsolescence.

Mr. MERCIER (Laurier-Outremont): How many stations are there?

Mr. BENNETT: Sixty-six altogether, the chairman of the committee informs me.

Progress reported.

SUPPLY

DEPARTMENT OF AGRICULTURE

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

Agriculture—fruit, $390,200.

Mr. MacLEAN: Has the minister any information regarding the dismissal of the fruit and vegetable inspector at Charlottetown, Prince Edward Island, and the appointment of his successor?

Hon. ROBERT WEIR (Minister of Agriculture): What is his name?

Mr. MacLEAN: Chester E. Shaw.

Mr. WEIR (Melfort): My information is that he was discharged for political partisanship and the position has not yet been filled.

Mr. MacLEAN: Has he asked for a public investigation or hearing of his case?

Mr. WEIR (Melfort): My understanding is that he has not.

Mr. MacLEAN: The file that has been brought down shows that he has asked for a public hearing and that one has been refused; would the minister consider granting his request?

Mr. WEIR (Melfort): I shall be glad to look into the matter and at the next sitting of the committee give any further information I can.

Mr. MOTHERWELL: Has my hon. friend any explanation or justification to give for dropping the grant, formerly $8,000, to the Canadian Horticultural Council? If this subject is going to cause any discussion, I shall not press the matter, but I presume my hon. friend has some reason for dropping this grant.

Mr. WEIR (Melfort): The matter may be taken up in the supplementary estimates.

Mr. MOTHERWELL: All right.

Item agreed to.

Seed, feed and fertilizer control, including grants to seed fairs, etc., also grant of $18,900 to the Canadian Seed Growers' Association, $413,200.

Mr. VENIOT: What is meant by fertilizer control?

Mr. WEIR (Melfort): The administration of the Fertilizer Act and the testing of the strength of fertilizers.

Mr. SANDERSON: What is the Canadian Seed Growers' Association to which there is a grant of $18,900? Just how does it function?

Mr. WEIR (Melfort): This is in the nature of assistance to an organization known as the Canadian Registered Seed Growers' Association, not a government organization. It is to assist them in investigational work to keep up the standard of our registered seed and to help in the production of registered seed, and to help defray the expenses of meetings of the executive in this connection.

Mr. SANDERSON: Is this organization dominion wide in scope, taking in all the provinces?

Mr. WEIR (Melfort): Yes.

Mr. DONNELLY: There is quite a reduction in this item, amounting to $159,000. How does the minister account for the decrease?

Mr. WEIR (Melfort): It is accounted for as follows:

Publications and stationery	$ 1,000
Subventions and seed competitions, etc.	73,800
Market reporting	2,000
Inspection and sale account administration	3,000
Agricultural pests control act administration	5,000
Laboratory inspection services	60,900
Chemical analyses of feeding stuffs, etc.	8,000
Grant to Canadian Seed Growers' Association	2,100
Development of seed cleaning centres	4,000
	$ 159,800

Mr. MOTHERWELL: What was the total grant to the seed growers' association last year?

Mr. WEIR (Melfort): $21,000.

Mr. DONNELLY: Did I understand the minister to say that there was a reduction of $5,000 in the expenditure on the control of pests?

Mr. WEIR (Melfort): My information is that this reduction was made because the full amount was not necessary, as the work is being handled through the general laboratory vote. This has nothing to do with the administration of the Destructive Insect and Pest Act.

Mr. DONNELLY: I was wondering why the pests came in here.

Mr. ELLIOTT: Where is the headquarters of the Canadian Seed Growers Association, and what suboffices, if any, have they?

Mr. WEIR (Melfort): The headquarters are at Ottawa. They have no suboffices.

Mr. MacLEAN: With reference to fertilizer, we were led to believe when our friends came into power that they were going to do a great deal to help the farmer. The farmer was going to get his fertilizer cheaper and be assisted in a great many other ways. We were led to believe that all the ingredients for mixing fertilizer would be allowed to enter this country free of duty, and that generally our farmers would be in a haven of rest so far as the cost of fertilizer was concerned. But according to the returns of the statistical branch last year, I find that there was a large amount paid out in duty on the fertilizer that was brought in. Last year the ten per cent duty on fertilizer, not including the one per cent excise tax, netted the government a revenue of $144,185. This year, in addition to paying that ten per cent duty, our farmers will be faced with a three per cent excise tax on all fertilizer imported. The statistical returns of last year show that over $5,000,000 worth of fertilizer was imported, and an excise tax alone of three per cent on that would amount to $162,955. So I cannot see where this government is helping the agriculturist very much.

We were also told that the imposition of a duty on fertilizer would not increase the price. Some, indeed, claim that the price has not increased, but when we look at the decrease in the price of the raw materials entering into fertilizer, we find that the farmer during the last two years has been paying

more than he should pay, because the spread between the price of the raw materials and the finished product, the mixed fertilizer, has been too great. This is a matter which the minister should look into very carefully in connection with the imposition of the three per cent excise tax. I do not know whether the Minister of Finance has in mind putting fertilizer on the exempted list. At the present time I understand that the three per cent excise tax applies to everything that comes in, even to articles that were on the free list before. If that is the case, it will hit our potato growers in the maritime provinces very hard, and as we all know, they are having a difficult enough time carrying on under present conditions. They are almost in bankruptcy so far as their potato growing operations are concerned.

I would not stress this so much, Mr. Chairman, if it were not for the fact that our friends opposite promised so much during the election. They certainly promised to put our agriculturists in the maritime provinces on easy street if only they would return the Conservative party to power. They even stated in their compaign literature that was scattered throughout my county that they would compel the Americans to take off their duty against our potatoes so that our potato growers could ship their potatoes into the United States free. I am glad to say that our farmers were too intelligent to fall for that, but it just shows the extremes to which our friends opposite went in order to gain power. I am not blaming the minister for that, but I should like to draw his attention to a cartoon that I hold in my hand showing the Prime Minister kneeling at the bedside of a farmer sick in bed. The Prime Minister is saying to one of his colleagues that the farmer is certainly very sick, and he asks, "What can we do for him now? One thing is sure. We cannot bleed him any more." I agree with the Prime Minister that he cannot bleed the farmer very much more, but here is one place where this government is going to bleed him more by putting upon the farmer a three per cent excise tax, unless fertilizer is included in the list of exemptions and allowed to come in free. I do not think that the ten per cent duty should ever have been put on fertilizer, because it does not help the industry here and is a hardship to all our farmers.

Mr. SMITH (Victoria-Carleton): On what ingredients was that ten per cent duty placed last year?

Mr. MacLEAN: It was imposed on different ingredients. The duty was on fertilizer compounded or manufactured. My friend perhaps will take the position that the farmers need not have bought ready-mixed fertilizer, but he knows that in many sections throughout this whole dominion where there is not an organization that purchases the farmer's fertilizer requirements in a large way the farmer is only too glad to go to the dealer in his own town and buy the ready-mixed fertilizer, on which there is a ten per cent duty. In our own province the potato growers' association provide the fertilizer ingredients in a large way. They buy the chemicals and we do the mixing ourselves to a very large extent. But as I have said, there is still a large amount of ready-mixed fertilizer imported, as is proved conclusively by the fact that last year's importation netted a revenue to the government of over $144,000.

Mr. SMITH (Victoria-Carleton): I think the hon. member has left a wrong impression on the minds of the committee so far as the mixing of fertilizer in the maritime provinces is concerned. There was no mixed fertilizer brought into the maritime provinces from the United States last year. There may have been in some other portions of Canada where the farmers do not use fertilizer so extensively as it is used in the maritime provinces. I think the government is to be commended for placing a duty on mixed fertilizer. It must be apparent to every hon. member that when fertilizer is required in Canada we ought to engage the services of Canadians to mix it, rather than pay Americans to do it. To my mind there is no doubt about that. No duty was placed upon ingredients coming into Canada last year.

Mr. VENIOT: Yes, if those ingredients were to be mixed.

Mr. MacLEAN: Does my hon. friend say that the three per cent excise tax will not apply?

Mr. SMITH (Victoria-Carleton): I think the three per cent excise tax is unfair to the farmers of Canada. Representations have already been made to the government and as a result they have the matter under consideration. Before the bill is passed I believe something may be done to relieve the situation.

Mr. MOTHERWELL: What are the plans with regard to a seed laboratory for the seed commissioner's office? A few years ago some arrangements were made, which did not materialize, to have a central seed laboratory in Ottawa for the benefit of the whole dominion. I understand there is some suggestion of

establishing a laboratory in the National Research Council laboratory on Sussex street. Before yielding to anything the minister would do well to examine the location and find out if there is sufficient ground to conduct varietal tests of grain. The laboratory would require some ground for that purpose. There are three or four acres in connection with the Sackville laboratory. Has the minister looked into that phase of the matter?

Mr. WEIR (Melfort): I agree that the National Research Council laboratory, because of lack of space for experiments, would not be satisfactory. There is no intention this year of proceeding with the laboratory the hon. member has mentioned.

Mr. GARDINER: What progress has been made in providing the province of Alberta with seed cleaning apparatus at Lethbridge or Edmonton?

Mr. WEIR (Melfort): No steps are being taken this year towards the establishment of a seed cleaning plant at Lethbridge or Edmonton.

Mr. GARDINER: This matter has been under consideration for some time. The former minister made provision for a seed cleaning plant at Moose Jaw, and when the estimate for that plant was going through he stated that the matter of providing Alberta with a similar or smaller plant was also under consideration. When hard times came we realized it would not be advisable to spend a large sum of money for a seed cleaning plant in Alberta. However there was a suggestion of and a good deal of discussion concerning the possibility of attaching a seed cleaning plant to the government terminal elevators at Edmonton or Lethbridge, or both. I understood the minister promised last year to consider this matter, and we had hoped he would have some proposal which would afford accommodation up until such time as conditions improve.

Mr. WEIR (Melfort): There is a difference of opinion among the Alberta registered seed growers as to whether the plant should be at Edmonton or Lethbridge, and if at Edmonton whether it would be advisable to have it attached to the commercial elevator in that place. I am sorry I have not further detailed information. If I had I should be glad to give it to the hon. member for Acadia.

Mr. GARDINER: I trust the minister will give the matter some consideration, because it is of great importance. I understand, however, that if the registered seed growers in the province cannot agree, he is faced with some difficulty.

Mr. WEIR (Macdonald): Is it not true that there is a difference of opinion among the different growers as to the method of establishing seed plants? I recall that in Manitoba there are more localized plants. In that province I believe they receive some sort of subvention from the Dominion government, and they have established smaller municipal units. The Graysville Pure Bred Brome Grass Growers' Association at Graysville, have a first class cleaning plant, and I believe they received some assistance from the federal government. That applies also to the Seed Barley Growers' Association at Miami. I think there is a difference of opinion as to the advisability of establishing large or small units. I was wondering what the policy of the government would be with regard to extending the development of seed cleaning plants.

Item agreed to.

For experiments in dehydration of fruits and vegetables, $10,000.

Mr. SPENCER: What progress has been made in connection with this work ?

Mr. WEIR (Melfort): The work has been along these lines: We have had experts in the old land studying the procedure they follow in their efforts to use fruit that is otherwise not salable. We supply the apparatus and the expert, and the goods manufactured in the plants where the experiments take place are disposed of by those plants. They receive whatever profits there may be. On the whole I think we may report that very satisfactory results have been obtained in connection with deciding what specimens of fruit are most satisfactory for this work.

Mr. GARDINER: Are the manufacturers taking advantage of this expert advice?

Item agreed to.

Live stock, $1,380,000.

Mr. McKENZIE (Assiniboia): Under this item I feel in duty bound to make a few remarks. As will be noted, there is a reduction of $150,000 in the estimates, and in my view that is not in proportion to reductions made in some other departments. I join with those who have expressed their regret that at a time like this, when agriculture is so down at the heels, it is found necessary to curtail the expenditures for agricultural purposes. As the hon. member for Macdonald (Mr. Weir) said a few days ago, agriculture is suffering to an extent far greater than any other department of the government. The estimates of

that department have been cut about 33 per cent, while other departments have suffered to a much lesser extent.

In 1929 the estimated value of all classes of live stock in my province of Saskatchewan was $856,000,000. This has been very materially reduced, for as is shown by the monthly bulletin of agricultural statistics in 1931 the value had dropped to $687,000,000 and at the present time I think it has been reduced by another $200,000,000. So it is practically only half what it was three years ago. We notice, too, in the monthly bulletin that for all Canada the average values per head of live stock fell very considerably between 1930 and 1931. In 1930 the average value of all horses was $61, in 1931, $50; milch cows, $59 in 1930, $43 in 1931; other cattle, $35 in 1930, $25 in 1931; sheep, $7 in 1930, $5 in 1931; swine, $15 in 1930, $7 in 1931. Under these conditions it is indeed regrettable that the minister has allowed the cabinet, or whoever was responsible for compiling these estimates, to cut down his estimates so severely. As has been said a good many times during this session, present conditions are driving our farmers more and more from the use of tractors and other power machinery back to the use of horses. They are more inclined to go in for breeding horses and cattle than they have been for a good many years, but they find they are not in a position to buy their foundation stock. Naturally our farmers and stock men are very much alarmed over the drastic cut that has been made in these estimates. We wonder how, without the money, the agricultural department is going to carry on the activities that are mentioned in the report of the minister for 1931. The stallion club, the breeding stations, the special grants to fairs and exhibitions to encourage the breeding of live stock, the bull-loaning policy, the free transportation policy, the cattle club policy, the boys' breeding club policy, the boys and girls calf club policy—these are all very popular amongst our farmers, but they are wondering how these activities can be carried on with the estimates reduced to such a serious extent. These things are more necessary to-day than they have ever been in the past. Our people must be encouraged. They are looking forward to breeding horses because they can see the necessity for them.

There are very many difficulties confronting our farmers, and one of the most serious is the excessive interest charges. Our farmers cannot stand the excessive interest charges that are being exacted, and apparently there is no relief since even this government and the provincial governments are paying as high as almost seven per cent interest in many cases. Had the minister the welfare of our farmers at heart at the time the national service loan was floated, he would have objected to the excessive rate of interest then provided for. A one per cent lower rate of interest at that time would have gone a long way towards paying the bonus on wheat acreage which we have advocated a good many times in this house. One per cent on $220,000,000 would amount to $2,200,000 a year, which would go a considerable way towards paying the acreage bonus that our farmers so much desire.

The present government made some very extravagant promises to the farmers during the election campaign of 1930, and in this connection I am reminded of one of the pledges made by the Prime Minister in his speech in Winnipeg early in June of that year—a pledge that no doubt procured a good many votes for his supporters, simply because the honest, industrious people of the west believed that a pledge amounts to something. This is pledge number 2 of the program he laid down in Winnipeg:

> We pledge ourselves to foster and develop agriculture through the live stock and dairy industries, now so sadly neglected.

Our people, I say, took the right hon. gentleman at his word and many supported him because of this and the other pledges he then made,—they thought these pledges would be redeemed. Let us see whether in truth agriculture was "so sadly neglected" at that time. I have here the live stock market reports which are issued from week to week. In the report for the week ending May 1, 1930, I find this summary on the first page:

> Cattle markets showed surprising keenness, despite increases in volume at a number of our major markets. The activity in the buying end, following last week's rather sharp price advances, offset the slight recessions of values in the Winnipeg market.

Turning to the Winnipeg market report for the same week I find that steers, good to choice, were selling at an average price of $10.30, top price $11, top price the previous week, $11.25; calves were selling at an average price of $10.57, top price $13, top price the previous week, $13; hogs were selling at an average price of $11.69; top price, $12.25, top price the previous week, $13.25; lambs were selling at an average price of $10, top price, $10, top price the previous week, $9.75; sheep were selling at an average price of $6. That was the condition in the Winnipeg market at the time the present Prime Minister said our agriculture was being "so sadly

neglected." A year later, for the week ending April 23, 1931, we have this report:

The outlet for cattle during the past week was again of rather narrow width, and where supplies were at all liberal the week-end found clearances rather hard to effect.

Turning to the prices on the Winnipeg market for that week I find that good and choice steers were sold at an average price of $5.19, top price $5.75, and top price the previous week, $5.50; calves sold at an average price of $6.74, top price, $8, top price the previous week, $9; hogs sold at an average price of $7.60, top price, $7.75, top price the previous week, $7.50; lambs sold at an average price of $8.27, top price, $8.50, top price the previous week, $8.50; sheep were selling at $3.50. Then I come to the dominion live stock report for the month of April, 1932. In the summary appearing on the first page I find this statement:

Another shipment of export cattle went forward to Great Britain this week, the heaviest load so far this year, totalling 619 head.

The present government appear to be taking a great deal of credit for the shipment of cattle to the old country; I hear reports of hon. members opposite going around the country saying what wonderful things the department is doing. Let me remind the committee that last year we had before the agriculture committee an English cattle dealer named Mr. Brown. He told the committee then that we had not been shipping cattle to Great Britain during the two or three previous years because the prices here were about as good as the prices in the old country. So this government should not take credit because that movement has started again; the only reason we are shipping cattle to Great Britain to-day is that the prices there are better than the prices here. Our prices are so very low that we can ship cattle to Great Britain or anywhere else. The statement continues:

A cable from Great Britain reports the sale of some of the Canadian cattle shipped two weeks ago on the steamship Manchester Commerce. They were good quality steers and made 8½d. to 8¾d. dressed weight including offal. . . . Domestic cattle markets showed an improved condition this week, and not wholly because of a sharp reduction in receipts at some yards.

Turning to the prices during April of this year, about two years after the Prime Minister made the pledge that he would help live stock, dairying and those other branches of agriculture that had been so badly neglected, we find that during the week of April 14 the average price for choice and good steers on the Winnipeg market was $4.96, while the top price was $5.50 as compared with the top price of $5.25 during the previous week. The average price for calves was $4.91, the top price $5.50, and the top price of the previous week $5. It will be noticed that prices were even better during the week of April 14 than during the previous week. The price of hogs, bacon type, was $3.94, with a premium of $1 per hog on selects. The top price was $4, and the top price in the previous week was the same. The average price for lambs was $6.74, and the top price $6.50, while the price of sheep was $2.

When the Prime Minister made his pledges with regard to agriculture and said what he was going to do, we were told not only by the right hon. gentleman but by many others, that the tariff was the remedy. I think it is well known that tariffs have never been as high in Canada as they are at the present time, but the agricultural industry has never been so badly depressed as it is now. I hope I may be excused if I am a little out of order in what I am about to say; these agriculture estimates have been discussed in a more or less general way, and with the permission of the chairman I am going to say all that I have to say on this one item.

A few days ago the Minister of Agriculture referred to a proposed marketing board, and I think the idea of this board is fairly popular throughout the country. I believe the reason for its popularity is that people do not understand what may be the consequences. I do not hesitate to say that I have not very much faith in the establishment of a marketing board, for the reason that I fear that it will be just one more clog in the machinery that is already over-clogged with regard to the marketing of our farm products. In my view this board would either have the effect of increasing the prices of farm products, or it would not. Let us suppose that for the time being it increases the prices of farm products. We know that one of our greatest problems to-day is a lack of markets, and a consequent over-production because our marketing facilities are not adequate. If we do increase the value of these farm products will we not stimulate production, and then will we not have over-production and a decrease in the value of our farm products? On the other hand, if the board will not increase the value of our products what is the use of spending our time and thought on it?

A few weeks ago I sent a letter to the press in various parts of the country, largely to the weeklies but to some of the daily papers as well, drawing attention to a very live ques-

tion in my part of the country. I refer to the excessive spread between the price of the raw material and the price of the finished article. In my letter I dealt with the subject of wool and woollen products, particularly woollen underwear, and I pointed out that wool sold at from 5 to 7 cents a pound, though as a matter of fact some wool is selling for only 4 cents. When we come to buy it back in manufactured form, however, we pay possibly $2 a pound. I directed attention to the fact that a certain brand of combination underwear weighing 29 ounces cost from $2.50 to $2.75 at retail, and there are other examples even more outstanding. Since writing that letter I have heard from a great many people in various parts of the country, many of whom drew attention to the fact that in dealing with wool and woollen products I was laying stress on a comparatively minor matter. At the time I wrote the letter I realized that this was so, but I dealt with wool because some of my people have been selling their raw wool for only 4 cents a pound, and in a cold climate such as we have, woollen underclothing is necessary. I regret to say that a great many of our people are not able to buy it at the prices they are asked to pay at the present time.

The question of hides and finished leather is just as important. I have here a clipping from a weekly newspaper, setting out a letter received from a clerk in a store, who wrote:

> A short time ago a farmer came into the store where I am employed, bringing a calf hide. After looking up the market on hides I found the best I could offer him was four cents per pound. The hide weighed 12¾ pounds, which equals 51 cents, and in exchange he took one pair of shoe laces at 20 cents, one package of puffed wheat at 16 cents, and one package of health bran at 15 cents.
>
> After the man left the store I began to compare the values of these articles. The laces were the sort used for lacing long boots, and were cut from common everyday calfskin. On weighing these I found there were 24 to the pound at 20 cents per pair, making the cost of $4.80 per pound. As leather gains five per cent in tanning, the hide would weigh about 16 pounds when finished and would be worth about $73.60 when cut into laces. So if the farmer wished to buy his same calf hide tanned and cut into laces, he would need to bring in 80 calf hides at 50 cents, plus 60 sheep skins at 40 cents, plus 20 lamb skins at 25 cents, plus 80 pounds of wool at 8 cents, and to make up the balance could hand over $1.40 cash.

This spread between raw products and finished products is a matter of more than passing importance, and I want to say to the minister that instead of establishing a marketing board, which, to say the least, will be of doubtful success, it would be wise for him to appoint a board to inquire into the spread in prices. I am sure he could make a name for himself, and I may say, without any offence to the minister, that he needs something to make a name for himself throughout the farming areas of the country—I say, he could make a name for himself if he took advantage of something of this sort and established a board to inquire into the spread in prices. I can assure him that I should be willing to give him all the assistance I could in gathering information.

There is another thing in connection with this spread in prices, and from the letters I have received I may tell the minister that what I am going to say is something the farmers in my part of the country are thinking about. Woollen manufacturers, tanners and other manufacturers throughout Canada are going to suffer very materially unless something is done along this line. Our people in the rural areas are seriously considering going back to the custom of fifty or sixty years ago, because some of them still know something about the spinning of yarns, and they are going to take the wool and make it into clothing themselves. This will be done, not because the people are particularly anxious to do it, but because it is becoming imperative. There are men, women and children in the province from which I come who have not been able to obtain woollen underwear, which is so necessary in that climate. It is very fortunate indeed that we have had mild winters the last two years; otherwise a great many of the people there would have suffered more severely than they have done, because they have not been able to buy woollen underwear. They were given a good deal of cotton stuff last winter through the relief commission, but that is not what they need in that country. In conclusion, I would urge again on the minister that he do something to find out the reasons for this spread in prices. Once more I assure him of my willingness to give him all the assistance in my power in that regard.

Mr. NEILL: I wish to take just a few minutes to suggest to the minister that he put some restraint on his officials in issuing optimistic, not to say flamboyant, highly-coloured descriptions of the profits to be made in the poultry industry. I have in my hand an editorial from a British Columbia poultry paper from which I will read a paragraph or two:

> Another statement from the Dominion Department of Agriculture recently issued, says a flock of a hundred birds carefully managed are returning to many a farmer a profit, over feed costs, of from $200 to $500 a year, "which is not to be disdained by even the most successful farmers."

And eggs are ten cents a dozen! Ask any farmer how much profit he has made in the past two years. And we venture to say not one can lay claim to such a privilege. Then ask him if he thinks he can make up to $5 per bird raising chickens, and he will look at you in a sad, wistful way suggestive of doubt as to your mental balance.

In conclusion it seems to us that as our governments appear unable to help the poultry industry they should at least desist from making it worse.

You will note that it says "over feed costs," so that the $5 is net profit. Now, the average cost of feeding a chicken is $2 a year, which makes $7 gross per year, and there should be added another dollar for replacement, because you have to pay as much for the day-old chick as you get for it afterwards. And feeding a chicken for six or seven months is expensive. However, let us put it at $7 gross income. At 10 cents a dozen, that would be 70 dozen, or 840 eggs, which would be the equivalent of 2⅓ eggs per day, and even in British Columbia our hens do not lay 2⅓ eggs per day, or 16 per week. A much more accurate figure would be one-half an egg per day, or perhaps a little more—say 4 per week instead of 16. Of course, I am taking an extreme figure when I suggest an average of 10 cents a dozen, and we hope that eggs will not long average that. Still, they are selling at that figure out there to-day. But, taking the reasonable average number of eggs that a hen would be likely to lay in a year to bring the gross profit to $7, you would have to have an average of 37 cents a dozen; and as they vary, being sometimes 20 cents below that, it means that for a considerable time you would have to sell the eggs at 64 cents a dozen—that is, wholesale to the farmer—which, of course, is absolutely ridiculous.

It would seem unnecessary to waste time discussing such an idle statement, which requires, if it is to justify itself, that one hen shall lay 2⅓ eggs per day. But this statement has government sanction, and there are many people who, perhaps being less familiar with governments than we are, have a great respect for anything put out under the auspices of any government, and so they think that such statements must be accurate and worthy of attention. Statements of this sort published in the old country and in this country induce people to come here and go into the poultry business. I have heard it said that there cannot be much wrong with the poultry business because there are always so many people engaged in it. Yes, but they are not the same people; they vary. There are always a number coming in at the top, but there are just as many going out at the bottom, so that, as I say, they are not the same people. This is doubly bad because not only do these men ruin themselves but they help to ruin others who are trying to make a living and who under ordinary conditions might make at least half a living. It is especially bad in this respect.

Suppose the government made some appeal to bring in tire manufacturers, let us say. They would immediately run up against practical men skilled in that business, who would at once ask a few pertinent questions in regard to opportunities, markets, cost of manufacture, and so on. This invitation on the part of the government to people interested in poultry is extended not to practical people but, unfortunately, to those who are wholly uninformed in regard to conditions in the poultry business. The appeal is made perhaps to small clerks who have been told by the doctor to get into the open air if possible; to small storekeepers tired of competition with the chain stores; sometimes even to farmers from the prairies, because a man can be quite well informed in regard to wheat and yet know practically nothing of the requisites of a sucessful poultry farm. These people read about 100 birds making a profit of $500; they multiply this by two and say: Two hundred birds would give us a net profit of $1,000 a year. A man says to his wife: "Why, Mary, look at this: if the government says that we can make that profit, there is nothing to hinder us from keeping 1,000 birds"—and 3,000 birds is quite a common poultry farm in British Columbia. The man says to his wife: "Supposing we cannot live up to the expectation of this claim; if we do even half as well; if we keep 2,000 birds, we shall make $5,000 net," and that looks like a lot of money to people in those circumstances. So they go into the business. They take money that has been set aside for the education of their children; they sell out their little home, or business, if they have one, or their farm—I have known them to mortgage their life insurance—and they put the whole amount into what they think is going to give them a stable, comfortable, not too irksome living for the rest of their lives.

What is the result? The struggle lasts for a given length of time; you can almost estimate the time a man will stay in the business, judging by what reserves of capital he brings into it. Sometimes they last only a year; sometimes they struggle along, by infinite labour and hardship and by using up every resource they have, for two or three years, but the result is that within a comparatively short time they are cleaned out; they lose everything. I could take the minister or anyone else along the back roads of the agricultural sections of British Columbia

and show him farm after farm, giving the history of each. So-and-so started chicken raising on that farm. He had to abandon it. He owed a big feed bill; he could not pay his taxes, and he had to leave it, absolutely ruined, without any hope in life or any ability to start anew. I have known such a case to end in suicide, because there was nothing but black despair facing them.

I do not blame all of this on the government; that would be foolish, but it certainly has a considerable inducement when the government, believed to be accurate, to know what they are saying, put out a statement like this, because the inducement is unfortunately always to people who are entirely ignorant of the business. The government, as this editorial says, have not done much for the poultry business. They neglected to hear the appeal of the British Columbia people from the decision of the Board of Railway Commissioners against their claim for an adjustment of freight rates, so that they would not be handicapped by seeing wheat and other grain shipped to China for less than they could buy it for themselves in British Columbia. In this regard the present government is no worse than the former one; this is not an attack on the government of any party. Further, we were advised that even if the government did hear the appeal, the most we could hope for would be that the matter would be referred back to the Board of Railway Commissioners.

This government dealt a severe blow to the poultry raisers of British Columbia when, a few weeks ago, they rejected a bill which was introduced by the hon. member for New Westminster (Mr. Reid) and which sought to give to the railway board the power for lack of which the board said that they were prevented from giving us the justice we sought, the power which the Duncan report said in practically so many words should be granted to them. All the forces of the government under the party whip, with the exception of the hon. member for Rosetown (Mr. Loucks), voted solidly against that bill. The result is that all prospect of justice to us in British Columbia is eliminated, at least until the situation is changed. As I say and as this editorial says, if they refuse to help us, at least they might not hurt us by disseminating statements that are so elementarily and obviously unsound. Of course this is obvious only to the man who knows; to the man on the street it is not so.

Supposing the government were to circulate throughout the high schools propaganda to the effect that it would be a grand thing for the pupils to become doctors or lawyers, pointing out the salaries paid to the judges of the supreme or the exchequer court of Canada, or some of the big fees paid to some of the higher specialists in the medical profession, and suggesting that such positions are open and waiting and that anyone and everyone can share in them. What would the doctors and lawyers in the house and the various professional bodies think of the government issuing such propaganda or inviting doctors and lawyers to come from other countries and concealing the fact that there are four lawyers where there is work only enough for one, and so on? The matter would very soon come to a head and objection would be raised to such a policy. Yet the one is just as fair as the other. I would ask the minister to instruct his officials to be more careful in these times in regard to issuing documents of that character.

Just before I sit down, might I say a word in connection with the marketing board which I hope the minister will inaugurate? If it will be as successful here as it is in the old country, it will be well worth while. If he follows the example of the old country, the board will be a large one with different sections relating to agriculture, industry and commerce. When he is forming the agricultural section, I hope he will realize that agriculture comprises something more than wheat raising or stock breeding. A man may be a very successful grower of wheat or raiser of pure bred stock, and yet be totally unfit to deal with problems confronting the dairy industry and particularly poultry raising. I am not talking of the raising of 100 hens which sit around on farm machinery; I am speaking about keeping a flock of two or three thousand birds on an area in British Columbia. I hope, when the agricultural section is formed, one of its members will be a dairyman and one a poultryman from British Columbia. In 1930 the British Columbia poultry industry shipped out 310, not dozens, not cases, but car-loads of eggs. That is a very big record. Considering the importance of that industry, I think we would be justified in asking that a representative of that poultry industry be on any agricultural board which might be formed.

Mr. YOUNG: I do not wish unduly to delay the committee at this late date in the session, but I feel that somebody should warn the minister against this crowning folly of establishing a marketing board such as he outlined in his speech the other night. There appears to be no limit to the ingenuity that protectionists display in dressing up their

pernicious doctrines in such guise as to make them attractive to the people. There appears to be no limit to the ingenuity with which they will dress up the wolf in sheep's clothing, or with which they will try to persuade the people that they can be enriched by taxing themselves; that they can lift themselves by their bootstraps if only they do it in a roundabout way.

What is the plan which was proposed by the minister the other night? He said: We will take, for example, butter. We produce, he said, say 225,000,000 pounds of butter in Canada annually, of which we consume about 215,000,000 pounds, leaving 10,000,000 of exportable surplus. That 10,000,000 pounds, he says, we are unable to sell, and because it is hanging over the market, it depresses the domestic price. He proposes to set up this marketing board which will levy on all the butter made in Canada one-tenth of a cent a pound.

Mr. WEIR (Melfort): I do not think I made that statement.

Mr. YOUNG: I think the minister did.

Mr. NEILL: That had nothing to do with the marketing board.

Mr. YOUNG: This is what the minister said as recorded in Hansard:

> It was felt, after consideration, that even if the large creameries in the west would agree to make a levy among themselves of half a cent per pound on the butter they manufactured, and put that into a fund to purchase the butter that was regarded as a surplus in western Canada, if there were, say, 10,000,000 pounds to export and 225,000,000 pounds produced, one-tenth of a cent per pound on the 225,000,000 pounds produced, distributed over the 10,000,000 pounds, would raise the price of the 10,000,000 pounds in the neighbourhood of 2·25 cents per pound. That, roughly, was the scheme under consideration.

Mr. WEIR (Melfort): All the butter made in Canada is not made in these creameries —a long way from it. I had reference only to butter made in creameries.

Mr. YOUNG: All right, we will accept that. The butter he had under consideration was the butter made in creameries. Now you have a production of 225 million pounds of butter, of which 215 million pounds are consumed in Canada, leaving 10 million pounds for export. The minister proposes to put a levy of one-tenth of a cent per pound on this 225 million pounds, which will create a fund of $225,000. That $225,000 will enable him to pay a bonus of 2¼ cents a pound on the 10 million pounds surplus, which will enable us to export that amount. What is his purpose in that? It is to lift that surplus off the market in order to enable him to raise the domestic price of butter. All right. We have 215 million pounds of our butter consumed in this country which the minister proposes by this scheme to raise in price—how much? Two and one-quarter cents a pound. If the scheme is to work he will have to raise the domestic price at least as much as he adds to the export price. He is going to raise the domestic price of butter by 2¼ cents a pound. That 2¼ cents a pound on the 215 million pounds consumed in Canada will take from the pockets of the people of this country $4,837,000. That much is to be taken from the consumers of this country and $225,000 of it presented to the British workmen in the form of cheap butter. The minister proposes to take out of the pockets of the people of this country nearly $5,000,000 and present to the British workmen $225,000 in the form of cheap butter.

Mr. SPEAKMAN: Where does the $5,000,000 go?

Mr. YOUNG: We will consider that. That is to go, you say, to the producers of butter in Canada.

Mr. MALCOLM: Who export.

Mr. YOUNG: No. The exporter would get a share of it. The question my hon. friend from Red Deer asks is, would the farmer get this $5,000,000 or would somebody else get it? I doubt very much if the farmer would get it. This much is certain, the farmer will pay it. That is to say, the levy that is made of one-tenth of a cent a pound will be paid by the farmer. That will be deducted from his cream cheque. But when the added price which the creamery receives for that butter comes into the hands of the creamery, will the creamery pass it on back to the farmer?

Mr. SPOTTON: Why not?

An hon. MEMBER: They will have to.

Mr. YOUNG: Why will they have to? We have in this country a great many creameries which are not paying because they are not large enough or are not efficiently managed, and they will say to the farmer: We cannot give you this extra price, for we must keep it ourselves in order to keep going.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: You laugh at that? Read the history of your creameries and you will find out.

If this plan succeeds it will have two effects. First it will encourage the production of

butter. That is the effect desired by the minister in raising the price 2¼ cents a pound. It is to encourage the producer to produce more butter, and the other effect will be that the consumer will consume less because the price will be higher to the consumer. Then what will happen? Our figures of 225 million pounds of production and 10 million pounds for export will no longer apply. We shall then be producing inside of a year or two approximately 300 million pounds of butter instead of 225 million pounds, and consuming 200 million pounds instead of 215 million pounds, leaving 100 million pounds for export.

Mr. WEIR (Melfort): On what does the hon. member base that statement?

Mr. YOUNG: That is not a very great reduction in consumption, from 215 million pounds to 200 million pounds, because the price has been increased 2¼ cents a pound. That is not putting it extremely, to say that the consumption of butter because of the increased price will decrease by some 15 million pounds; and when you add 2¼ cents to the price that the farmer receives for his butter he will increase the production I should think by at least 75 million pounds. That is a very moderate estimate.

Mr. WEIR (Melfort): Does the hon. member make this statement, that if butter were two cents a pound higher than now it would be a sufficient encouragement for our farmers in increase their production by 75 million pounds, and then in addition we would consume 15 million pounds less?

Mr. YOUNG: I make this statement, that if you add 2¼ cents a pound to the price of butter, you will increase the production, and that if you add that same amount to the price the consumer pays, you will decrease consumption. The spread between production and consumption will therefore widen, and I venture to say that it will not be more than a year or two before we have 100 million pounds for export, and then one-tenth of a cent a pound will not be a sufficient levy. You will have to have a levy then of at least one cent a pound on production. One cent a pound on a production of 300 million pounds would yield $3,000,000, and that would enable you to pay a bonus of three cents a pound on the exportable surplus. Three cents a pound on the 200 million pounds consumed in Canada would be $6,000,000. This means you would charge the people an additional $6,000,000, and of that $6,000,000 you would have given half to the producers of butter in this country, and the other half to the British workmen in the form of cheap butter. You would be taxing our people $3,000,000 in order to provide cheap butter for the people of another country. What will you say to the unemployed in our cities when they come to the government and say: We have no butter for our bread? Many of them, Mr. Chairman, have not even bread. Will the government say to them: We can do nothing for you, and if you cannot get butter for your bread it is just too bad, but we are taxing you $3,000,000 to provide cheap butter for the people of some other country.

This legislation will encourage dumping, which this government has held up as the greatest crime in all the calendar. This government has invented all kinds of devices and passed all sorts of laws and regulations to prevent other countries dumping their surplus products here. The Minister of National Revenue stood in his place in this house last session and said that no self-respecting country would allow another country to dump its surplus products on it. Now his colleague comes before us with a proposal not only to encourage dumping but to make dumping compulsory

Mr. MALCOLM: Bonus it.

Mr. YOUNG: The Minister of Agriculture used the word "compulsory" in his speech. He said, "If, however, it could have been made compulsory, dealing with that incident alone, I have no doubt that the condition that did arise would not have arisen."

What happened in Australia? This is merely a repetition of the Patterson scheme in Australia. They levied two or three cents a pound on the butter produced in order to bonus export butter, and what happened? The very day that came into effect Australian butter was shut out of this country. Well, other countries can do the same thing. We are not the only people who are crazy.

Mr. SPOTTON: Let us all have a good time together.

Mr. YOUNG: Other nations are just as foolish as we are in this regard. The government of this country says: No, you shall not dump your cheap butter into this country. But I think the British government would be quite willing to accept our cheap butter, willing to let us work and provide cheap butter for their unemployed while our own unemployed go without it. But suppose the world's market improves and there was no difficulty in selling this surplus, what would happen? We would be in the position of paying two or three cents a pound for a market that we

could have for nothing. But suppose the market did not improve, suppose it got worse; what would happen? Then other countries would see us bonusing our exports to the British market and by so doing reducing the price of butter on that market. What would they do? They would underbid us and a price war would be started with each country trying to undersell the other. You would demoralize the market, and the last condition would be worse than the first. Somebody has said, "Who will get the benefit of it; who will get this money?" I will tell hon. members this, that the farmer who makes his own butter and sells it himself would not have to contribute to the fund, but would receive the benefit of it. On the other hand the farmer who sends his cream to the creamery would have to contribute to the fund, because his contribution would be taken out of his cream cheque. When the butter was sold for the added price the creamery would say, "The cost of operating a creamery is more than it was; our overhead is more than it was, and we will have to charge a higher price for manufacturing and selling." The creamery would absorb the bulk of the increase.

It would be interesting to know who asked for this legislation—not who asked the minister, but whose fertile brain originated the scheme so that somebody else might ask the minister. We know where the agitation came from against New Zealand butter, or butter coming from the Antipodes. It originated not among the farmers, but among selfish creamery interests who had imported large quantities of New Zealand butter and wanted to shut out further importations. They wanted to corner the market and to make a killing, if I may use the term, on the rising price of butter. It would be interesting to know if some such ingenious body was not behind this scheme in the hope once more of getting a corner on the market.

If we do this in connection with butter, where are we going to stop? Already the member for Bow River is asking that we do the same for cattle, and the hon. member for New Westminster is asking for the same thing in connection with eggs. Then there will be apples, potatoes, fish—

Mr. SPOTTON: Bananas.

Mr. YOUNG: —lumber—is there anything we produce which would not demand similar treatment? And what would be the result? If this takes effect you would increase the cost of living in Canada by at least five or ten per cent. I ask this question: What nation is going to be the first to recover from the depression? The nation that can so reduce its production costs that it can undersell its competitors in world markets. Here we have a scheme which can have no other result than to increase costs of living and costs of production. Not only that, but the increase that is added to the cost of production in this country will be subtracted from the cost of production in the country to which we are going to send cheap food and cheap supplies. How can we hope to compete with other countries in the world markets when we tax ourselves in order to pay the board of the working men in those countries? We will not have a ghost of a chance. This step, if taken, will tend to put Canada in the background and put us in a position where we cannot compete with other countries. I have used a quotation in this house before, which I should like to use again; I believe it should be repeated on every possible occasion. Bastiat has said "Study all economic questions from the standpoint of the consumer, for the consumers' interests are the interests of the human race." If the consumer can be satisfied he will keep the producer busy. If goods can be placed on the market at the price the consumer can afford to pay, he will buy the goods, and the producer will have the work of producing them. The legislation passed these days however, not only in this country but—

Mr. WEIR (Melfort): How long does the hon. member for Weyburn think the farmers would continue to produce butter at its present price? If they could not continue to produce it, and ceased production, what would be the effect on the price?

Mr. YOUNG: The minister assumes that this scheme presents the only way of increasing the price of butter. My argument is that it will not increase the price of butter. If he wishes to increase the price of butter he and the government with which he is connected must devote all their energies towards breaking down the barriers which are making it impossible to ship goods back and forth across the world. The tariff barriers which the government opposite and other governments are constructing are making it impossible to sell butter or anything else.

The government cannot in this roundabout way raise the price of butter. As I have said by erecting tariff barriers they make it impossible for us to buy or sell anything. If the consumer can be kept satisfied, and if he can be put in a position to buy, there will be a market for goods. Because of legislation passed in this house within the last two years, and legislation passed in other countries, the

consumer cannot buy goods. That is the reason there is so little trade in the world, and the only way to remedy the condition is to find means of reducing, not increasing, production costs.

Mr. MALCOLM: I wish to say a few words to the minister by way of assistance, rather than criticism. I believe that the remarks of the hon. member for Weyburn to which we have just listened appeal to the common sense of most men in this house who are interested in agriculture. One board exists in Canada for the assistance of agriculture, and I believe it stands out as probably the greatest assistance to any branch of agriculture in any country in the world; I speak of the Board of Grain Commissioners. Canada is producing the finest grade of wheat in the world, and is marketing it under the very best system obtaining in any country. This parliament votes money yearly for the services rendered by the Canada Wheat Board in weighing, grading and inspecting Canadian grain. Our grain is accepted on the markets of the world on the certificates issued by the inspectors of the Board of Grain Commissioners. The wheat growers of the Dominion of Canada pay all the costs of this service; the people of Canada are not taxed. Payment for this service comes out of the money received for the grain. Therefore we may point to the Board of Grain Commissioners and say that it renders to one branch of agriculture a distinct service without any direct cost to the rest of the dominion. Under this system Canada's grain moves freely, in fact more freely than the grain of any other country.

In dealing with a commodity such as butter, the minister has to consider not only one, but all the products of milk. Milk may be consumed in its fresh state; in the form of butter; in the form of cheese or in the form of condensed milk, the preparation of which has become a very extensive industry. I want to warn the minister that the Patterson scheme in Australia has not done for the butter producers of that country all that it was expected to do. Particularly, it has not done for the farmers of Australia what was expected of it. I warn the minister against the representations of those hiding behind farmer's interests. I warn him against the representations of the dairy people, because I have grave doubts that if a tax were put on all domestic butter in order to bonus export, that the bonus would not pass into the hands of the dairy industry and not back into the hands of the farmers.

[Mr. Young.]

Just a word to the minister with regard to butter. He knows perfectly well that Canada's production of butter in all its forms runs about 300,000,000 pounds annually. He knows, further, that a few years ago we were short of butter and were on an import basis. At that time butter prices in Canada were very much higher than they were in Great Britain. We were compelled to import butter or to use more of our milk for the manufacture of butter. A very considerable quantity of milk was consumed in its fresh form, a large quantity was used in the production of cheese, and much in the production of condensed milk. The fact is that during the period of prosperity Canada's consumption of butter went as high as 35 pounds per capita, five pounds more than per capita production. To-day, due to the lack of consuming power, it is down to 21 pounds per capita. My hon. friend from Weyburn is quite right when he says the interests of the consumer are naturally the interests of the producer, because when consumption is high, production is high. Now with regard to the Patterson scheme in Australia—which I have no doubt someone is pressing the minister to inaugurate—this country does not permit dumping and ruled against Australian butter. Did Australia benefit in the British market with her butter, did the Patterson scheme help her? No. New Zealand and Denmark met the very low price at which Australia was exporting her butter resulting from the bonus payment. I doubt very much if the price was not driven down two or three cents on the British market by virtue of the Patterson scheme. If the minister goes into the business of bonusing the export of butter he will certainly have to consider bonusing the export of cheese and condensed milk, even though he does not extend the scheme to other branches of industry. Any plan he can work out comparable to the Canada Grain Act which will help to educate our farmers to produce the class of commodities for sale on the foreign market and to market our products under a brand or a certificate, every hon. gentleman in this house should support; but when the minister considers actually taxing the people of Canada for the benefit of export, he is entering a field to which there is no end not only in Canada, but among the other nations of the world. In other words, Mr. Chairman, it is a game we all can play at, and I doubt very much whether the minister will not get himself into a whirlpool from which he will never be able to withdraw.

Unquestionably we have unusual world conditions. But how will any of these schemes break the law of supply and demand? The law of supply and demand has undoubtedly governed in all individualistic and capitalistic countries since world trade began.

Mr. YOUNG: They are going to repeal that law!

Mr. MALCOLM: The very best cure for low prices always has been low prices. Overproduction is always caused by high prices. I have said time and again that the minute a business becomes too highly protected the result inevitably is that too many men go into that business and over-production results. We have had it evidenced in the United States to a degree never before known. That country has too many factories; take shoes as an example. The United States can produce enough in six months, if they run their factories three shifts of eight hours, to supply the world for a year. That, of course, has been brought about by the unusual conditions during the war. If the minister raises the price of butter beyond the normal price, which is caused by the law of supply and demand, he will admit with me that he is going to increase the production of butter to a point that will inevitably cause a worse overproduction and a lower price level than exists to-day. I say to him in all kindness, based on opinions I have had expressed to me by some of the best marketers in the world: Do not depart from the functions of government; which functions are to give all service possible to the producers. Do not ignore what his own Minister of Trade and Commerce will tell him, and what I have said to my former colleague the ex-Minister of Agriculture; our chances in the markets of England are dependent entirely upon the service we render to the buyers there plus the quality of our commodities. We have established that in grain. We can establish it in other commodities. But it would be just as absurd for us to try to tax the consumers of wheat in Canada in order to undersell the Argentine, India, Russia, Manchuria or any other country producing grain as it would be to do what he suggests doing with milk products. The government can, I believe, assist the farmers in every branch of agriculture by compelling packers and exporters to put up Canadian products in a way that will be suitable to the export market. By so doing they can assist in selling those products in the British market. This has been pointed out by the present high commissioner in Great Britain; it has been pointed out by our trade commissioners under several governments. The present Minister of Trade and Commerce has on many occasions mentioned it in this house and in public speeches. I advise the minister to create marketing boards for grading products; to give all the assistance the government service can to the producers of agricultural commodities, but not falsely to stimulate any branch of agriculture by any export bonus system. I am quite satisfied that by so doing he would be entering a field that would be destructive in the end, both to the people he is trying to help and to the trade of this country.

Mr. CAMPBELL: Mr. Chairman, I am not one of those who think that a farm marketing board would cure all the ills of agriculture, but I am certainly not able to follow the illogical arguments that have come from some of our friends to the right with respect to such a plan. My hon. friends from Weyburn (Mr. Young) and Assiniboia (Mr. McKenzie) seem to be afraid that a marketing board would raise the price of butter—both of them expressed that quite clearly—and so increase production. I am not afraid of the government doing anything that will raise the price of butter; that is certainly the object of a marketing board. If it does not increase the price of butter, but on the contrary lowers the price, then all the ills that my hon. friend from Weyburn mentioned will not follow. So we do not necessarily need to worry about that part of his argument. The argument is advanced that it would increase the cost of production by increasing the cost of living. Well, if the increased cost of living consequent on raising the price of butter is distributed throughout this country in increased purchasing power in the hands of the farmers and other workmen, who are themselves consumers, then I cannot see any great evil is going to ensue from such a policy. Certainly the buying power of the farmers would be increased to the extent to which the price of their butter is increased.

Mr. YOUNG: Would you make a present of $3,000,000 to the British workmen?

Mr. CAMPBELL: My hon. friend is all wrong there. That might be a fine argument to use on the hustings, but it cannot convince members of this house that any such plan will work out in that way at all. It is a most illogical argument. Now, the former Minister of Trade and Commerce quoted

some figures that seemed to deny his own arguments. He stated that some years ago when the prices of butter were high Canadians were consuming 35 pounds per capita.

Mr. MALCOLM: My hon. friend will admit that during that period there was great prosperity and forty per cent more industrial employment than exists to-day.

Mr. CAMPBELL: Certainly. At the same time his argument is destroyed in part at least by the figures he quotes when he points out that now when prices are low we are consuming only 21 pounds per capita.

Mr. MALCOLM: It is because we are not consuming butter that prices are low. My hon. friend has the cart before the horse.

Mr. CAMPBELL: That may be so.

Mr. MALCOLM: That is it.

Mr. CAMPBELL: Supposing we get prosperous times within a few months, the first thing that will happen will be an increase in the cost of living. Will we be complaining at prices going up? For certainly that is one of the first things that will happen. Prices are low to-day because there is depression. If we can increase the buying power of the farmers there is no doubt in the world that that buying power will immediately be reflected in increased purchases on their part. My hon. friend will be able to sell more furniture, and all the factories of Canada will be able to sell more goods. I think every dollar of that money will find its way back to the industries, and I cannot for the life of me see that it will adversely affect the country as a whole. The figures contained in the bulletin of the Economic Annalist show that the farmer has suffered to a very much greater extent than has the industrialist. It shows that the prices of farm products have dropped much more than the prices of manufactured goods. This policy has not been brought forward as yet; the minister has only suggested it, but I am in favour of trying it or anything else that may assist the farmer in his difficulties. I am not going to sit on the fence, as some hon. members seems to be doing, and say we must do nothing and make no effort at all to control conditions. I think the troubles we are facing to-day are partly due to the fact that the government has not done enough to try to meet those conditions. Certainly I say it is no bonus to the buyer of butter in Great Britain to have a small tax put on the butter at the point of production and used to take the surplus off the market in order to raise the price level at home. I think no one can reasonably use an argument of the kind. It seems to me this is at least worth attempting, and the very argument brought forward by my hon. friend with respect to the wheat board and the marketing of grain applies here. What we want is some centralized body that can direct and control the products of the country at a time such as this. After all, that is the main object of a marketing board, and I hope the minister will not allow himself to be influenced by the arguments which have been brought forward by members of the opposition.

Mr. VALLANCE: Might I point out to my hon. friend that there was no tax levied on all the wheat produced in Canada in order to market the exportable surplus. I might point out also that the moment you start to subsidize anything, whether it is butter, grain, live stock or something else, immediately you increase the production and your problem becomes more acute.

As I remember it, the other night the minister merely threw out the suggestion that some time a marketing board might be considered. I speak now to those members who come from the province of Saskatchewan; I know they have had communications from various cooperative bodies in that province suggesting a marketing board, but I think they will agree that the wool growers, the live stock pools and the various cooperative associations that have seen fit to write asking for their cooperation and assistance, represented only those who were vitally interested in the production of those commodities. If you attempt to set up a marketing board to-day, with officials who have not their own money invested in the industry, I think you will find a considerable difference in the marketing of surplus products by subsidies. As I pointed out the other night, when Australia adopted the Patterson scheme for the export of their surplus butter, Canada met that surplus with the dumping duty, and if we adopt this plan we will only aggravate the people in those countries where we propose to dump our surplus goods. So before any legislation along this line is brought in I would advise the minister to get in touch not with those who are promoting this idea but with those who are producing the commodities that to-day find their prices governed by the small surpluses which are exported.

In talking with some of these individuals the point has been brought up that if you set up a marketing board you then compel those

producing that commodity to supply their goods to some group of individuals who have no investment in that industry. Take the live stock industry as an example. I question whether the minister can mention any responsible group of live stock men who to-day are suggesting to him the taxing of the entire production of live stock in Canada in order to bonus the small exportable surplus. So I would suggest to the minister that if it is the intention of the government at this late hour to set up a marketing board, the wisdom of which I doubt, some consideration should be given hon. members, who should have an opportunity to express the views of those vitally interested in this scheme.

Mr. WEIR (Melfort): I should like to take just a few moments to reply to some points in connection with this item which is supposed to be under discussion. The hon. member for Assiniboia referred to the reduction in this vote, but that decrease of $175,000 is due to the ten per cent reduction in salaries and to a change in the method of dealing with travelling expenses. Apart from those two points, this item has been increased by $25,000.

The hon. member for Assiniboia suggested that the farmers were worried because of the reduction in this vote; he suggested that they were wondering if they would get the money for their clubs and so on, and he particularly mentioned the stallion clubs. Some time ago we decided, because of the difficulties experienced in the formation of clubs this year, to make a special grant in addition to the other assistance ordinarily given. The hon. member also made the statement that at present many farmers were unable to buy better live stock and improve their herds. We realized that fact also, and if the hon. member had consulted the department he would have found that the matters he brought forward have been and are being well looked after.

In connection with the purchase of live stock may I say that we have filled all the applications received, to the extent that we have been able to do so with the stock we have been able to secure which is up to the standards set by the department. With regard to the decrease in grants to fairs and the effect that it may have on breeders, I believe the average constructive breeder does not breed live stock for the purpose of showing it at fairs; he breeds live stock in order to sell it.

Reference has been made to prices. We all know that prices the world over have come down, but this country has not suffered in that regard as much as some other countries. I am credibly informed, for instance, that in the memory of the oldest farmer the price of bacon in Denmark has never been so low as it is at the present time. The point was also brought up that tariffs never were as high and prices never as low for farm products as is the case at present. One commodity on which we have never placed a tariff is wool, but the price of wool has dropped more than the price of almost any other farm commodity. We cannot fairly discuss this question as it affects one country alone, because no country can stand alone in this connection.

Mr. SPENCER: The minister said, presumably in reference to the bull policy, that all applications had been filled where stock could be obtained. Could he tell the committee what percentage of calls could not be filled because of the lack of stock?

Mr. WEIR (Melfort): There were five hundred applications, and we estimate that we can fill four hundred of them.

Mr. VALLANCE: What report has the minister received with regard to the success of the bull policy and the boar policy? Have these policies been successful, according to the information received by the minister from the various individuals or clubs who have taken advantage of them?

Mr. WEIR (Melfort): The best answer to that would be that last year we put out over 800 bulls under the bull loaning policy, and we have had in the neighbourhood of 650 to 700 letters, commending us on the policy and stating how valuable it has been to the farmers. Some of the letters praising us most highly came from farmers whose birthplace is the same as the hon. member's, and who appreciate good live stock better than the average farmer. They express their appreciation in this way, that after having been able to have good sires for a number of years they were unfortunately forced to go out of the business, and they declared that no words of theirs could convey what this policy meant to them. Regarding the brood sow policy, there was made in the house the other day a statement which misrepresents the situation. I made it clear at the time that policy was announced that I was not advocating farmers going into increased production in pigs, but owing to the fact that coarse grains were so cheap, and the price of pigs being so high at that time, nothing that we could do could prevent the farmers from going into the increased production of pigs. Realizing that, we made it possible for them, at no extra cost to themselves, to get seed stock which we

thought they should have. We did not in any way encourage it either on the public platform or in press notices, but we felt that inasmuch as they were going into increased production we might, without encouraging it, make it easier for them to get the seed stock which we thought they should have.

Item agreed to.

Progress reported.

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

Thursday, May 19, 1932

The house met at eleven o'clock.

SUPPLEMENTARY ESTIMATES, 1932-33

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1933, was presented by Hon. E. N. Rhodes, Minister of Finance, read by Mr. Speaker to the house and referred to the committee of supply.

CIVIL SERVICE ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved that the house go into committee tomorrow to consider the following proposed resolution:

That it is expedient to amend the Civil Service Act and to provide for the payment of gratuities to members of the Civil Service Commission on retirement and to officers, clerks and employees in lieu of retiring leave.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

UNEMPLOYMENT RELIEF—STE. ANNE'S WHARF

Mr. BOUCHARD:

1. Were tenders called for in the repair work at Ste. Anne's wharf, under the Unemployment and Farm Relief Act, in 1931?
2. If so, who recommended the contractor?
3. How much was paid per cubic yard of stone?

Mr. STEWART (Leeds):

1 and 2. Work done by day labour.

3. $2.

[Mr. Weir.]

PERMANENT FORCE—MECHANIZED EQUIPMENT

Mr. MacINNIS:

Are public tenders called in the purchase and replacement of the spare parts kept in store for the repair of the mechanized apparatus used by the artillery units of the permanent force of Canada, if not, what method of purchase is employed?

Mr. SUTHERLAND:

Public tenders are not called for the purchase and replacement of the spare parts for the repair of the mechanized apparatus used by the artillery units of the permanent force of Canada. These spare parts when required are purchased from the manufacturers of the mechanized apparatus or from their authorized agents in Canada.

BUSINESS OF THE HOUSE

SATURDAY SITTING

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, if it were the wish of the house that we should meet on Saturday morning at eleven o'clock, I would be very glad to accommodate the members.

Some hon. MEMBERS: Hear, hear.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I can only speak for the official opposition, but we are entirely agreeable to sitting on Saturday.

Mr. ROBERT GARDINER (Acadia): After the Prime Minister mentioned this matter the other morning I took the opportunity of consulting with my colleagues, and as most of them have made arrangements to go away on Saturday, we would not care to sit on that day.

Mr. BENNETT: I believe that the practice in a matter of this kind has been not to sit unless there is unanimous agreement. I would not like to make a motion to be carried by a majority under those circumstances. I thought that we would rise at six o'clock on Saturday in any event if we sit on that day.

Mr. MACKENZIE KING: Might I suggest that a conference might result in some agreement as to the matters that might be taken up on Saturday, which would enable us to get through at least a little sooner than if we did not sit on that day.

Mr. BENNETT: If my hon. friend from Acadia will allow the matter to stand until three o'clock and indicate if there is any legislation in which his colleagues would not be particularly interested, we might proceed

with such business on Saturday from eleven o'clock to one and from three to six, a matter of five hours, in which we might dispose of a good deal of business. I thank the right hon. gentleman for his suggestion and will act accordingly.

Mr. LAPOINTE: It is sometimes urged that the members from the province of Quebec go home on Saturday. I rise to say that the Quebec members will be pleased to stay here this Saturday and sit.

Mr. BENNETT: I apprehend my hon. friend speaks for the opposition.

Mr. GARDINER: I shall be very pleased to consult with my colleagues with regard to the suggestion of the Prime Minister and will see him later.

SITTING ON VICTORIA DAY

Hon. W. D. EULER (North Waterloo): May I ask the Prime Minister whether it is proposed that the house should sit on Tuesday, the anniversary of the Queen's birthday?

Mr. BENNETT: Yes.

DISARMAMENT CONFERENCE

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): May I ask the right hon. the Prime Minister whether the hon. member for Argenteuil (Sir George Perley) will be home before the end of the session and give us a report on the proceedings at the Disarmament conference?

Right Hon. R. B. BENNETT (Prime Minister): He sails on Saturday. Whether or not this house is then in session will depend upon the conduct of public business.

CONVERSION LOAN

REFERENCE TO STATEMENT BY THE HON. MEMBER FOR SHERBROOKE

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): Some time ago I directed the attention of the house to an observation made by my hon. friend from Sherbrooke (Mr. Howard) in the course of his remarks upon the budget. Since then my hon. friend has been absent and I trust that he has enjoyed a delightful holiday in one of the most beautiful spots on earth. Now that he has returned from Bermuda I trust that he will take a more charitable view of political opponents than is indicated by the language he used on that occasion. In case his memory requires to be refreshed I would refer him to page 1994 of Hansard where he made the assertion that members of the government had failed to convert their bonds while calling upon the public to do so.

Mr. HOWARD: I did not say that.

Mr. RHODES: The exact words used by my hon. friend were:

Insiders of this government did not convert their bonds.

Mr. LAPOINTE: I am afraid I have to raise the same point of order, Mr. Speaker.

Mr. SPEAKER: What is the point of order?

Mr. LAPOINTE: The point of order is that no objection was taken to these words at the time and my hon. friend has no right to bring the matter up now.

Mr. SPEAKER: I ruled on that point of order some days ago to the effect that the hon. member for Sherbrooke had a right to make an explanation if he chose. It is not a case of objecting to words because they are unparliamentary in form, in which case objection would have to be taken at the time. But this is a different set of circumstances altogether.

Mr. LAPOINTE: Yes, but the minister cannot take exception to them now.

Mr. SPEAKER: It is entirely up to the hon. member for Sherbrooke.

Mr. BENNETT: The matter which has been spoken to by the Minister of Finance is one that has given some concern to some of my colleagues and if it is impossible for the hon. member for Sherbrooke to make any statement with respect to the matter I will give formal notice that it be referred to the committee on privileges and elections. Some of my colleagues feel very keenly about it.

Mr. LAPOINTE: You have no right to do that either.

Mr. BENNETT: I have, and I have exercised it.

Mr. LAPOINTE: Oh, of course—dictatorship.

Mr. BENNETT: No, common decency.

Mr. LAPOINTE: The rules of the house are there.

Mr. CASGRAIN: The Speaker gave his ruling.

Mr. RHODES: Are we to understand that the hon. member for Sherbrooke desires his language to stand?

Mr. CASGRAIN: The point of order is there.

Mr. BENNETT: It is not a point of order at all.

Mr. RHODES: I rose for the purpose of asking permission to discuss the point of order, but Mr. Speaker has ruled that the point of order does not obtain.

JUDGES ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 91, to amend the Judges Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

BANKRUPTCY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee on Bill No. 41, to amend the Bankruptcy Act.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Sections 1 to 17 inclusive agreed to.

On section 18—Superintendent of bankruptcy.

Mr. CARDIN: I regret that I am not in a position to agree with the recommendations of the committee appointed to consider this bill. I fail to see the advantage in the appointment of a superintendent to administer, or to look after the administration of, the Bankruptcy Act. As was stated before the special committee and outside the committee there are many defects in the law, but I do not think the appointment of a superintendent is going to better the condition, or to make a better bankruptcy law in Canada.

In the first place the Bankruptcy Act was a mistake. That has been established since the law came into force, and was shown very clearly before the special committee. Complaints from all sections of Canada have been made against the law.

Mr. HACKETT: No.

Mr. CARDIN: From practically all sections. The eastern section of Canada, that part mostly concerned, has been complaining bitterly against the application of the bankruptcy legislation. When we try to go away from recognized and established legal institutions we make a mistake. When we try to get away from judicial organizations and create special bodies we make further mistakes. We have endeavoured to create a system which would apply to all Canada. In our attempt to generalize the application of the bankruptcy law—although we have power to do it—we have made a mistake. In the province of Quebec particularly, we have been suffering severely from the application of that legislation. The truth is that very few people are satisfied with the application of the Bankruptcy Act. In my humble judgment the appointment of a superintendent will not cure the evils that have been brought about by the Bankruptcy Act. The present bill will create a new bureaucracy, and from now on the affairs of insolvent debtors are going to be governed, not by law, but by regulations which will be issued by this new department. I think already we have too many regulations taking the place of law and governing our activities in all walks of life, and, speaking more particularly of the province of Quebec, I feel that this would impair the application of our civil laws. Really I do not see what advantage is to be gained by the appointment of a superintendent. We are creating a new organization at Ottawa which will be in a position to dictate to all the provinces. It would be much better to repeal the Bankruptcy Act and revert to the practice followed previously in all the provinces. I may say that when insolvent debtors' estates were administered according to the laws of the province of Quebec the costs were much less than they are to-day under the Bankruptcy Act; further, the creditors are not as well protected to-day as they were before the act came into force.

I am anxious to raise my voice in protest against this bill, and to submit that in my humble view the Bankruptcy Act is no good. The result of its application has proved not at all advantageous either to debtors or creditors in my province; on the contrary it has been a source of embarrassment to them. The licensing of trustees is not going to better the position. Many weaknesses of the Bankruptcy Act which could have been improved have not been touched, more particularly the high cost of bankruptcy proceedings which has been the subject of complaint in Quebec. We are not going to diminish bankruptcy costs by the appointment of a superintendent, for he and his staff will have to be paid, and, I repeat, the licensing of trustees is not going to better the position in any way, shape or form. It would have been easy for the committee—it is easy even yet—to amend the clause regarding costs and to provide that these costs should be taxed by the judge and

not be determined by the registrar, as is the practice at present.

I see it has been decided to exclude a certain class of farmers in the provinces, except in Quebec, where they are to be exempt from the operations of the Bankruptcy Act if their indebtedness is under $500.

Mr. HACKETT: Everywhere.

Mr. CARDIN: I agree with that. So far as the province of Quebec is concerned, the bankruptcy law has proved no good to the farmers; in fact it has tended to ruin their credit. Farmers are not traders or merchants in the right sense of those terms, and it is certainly a good thing that they have been exempted from the application of the Bankruptcy Act.

I observe that the committee has refused to adopt the principle which was embodied in the bill presented to this house by the hon. member for Gaspe (Mr. Brasset). The principle has been approved twice in another chamber, unanimously on the second occasion. That principle has to do with the place in which the bankruptcy proceedings shall be carried on. Last session I made a few observations on the point. I think it is most unfair that the whole province of Quebec should be considered as one district—

Mr. HACKETT: No, no.

Mr. CARDIN: Yes, it is; and that an insolvent debtor even in the county of Gaspe may be forced to go to Montreal, where his assets will be dealt with. Undoubtedly the debtor's assets should be dealt with in the district in which he resided or carried on business when he became bankrupt. This is objected to on the ground that most creditors live in the big centres and that it would not be advantageous for the larger number of creditors to have the bankruptcy proceedings carried on in the debtor's own district. That is not entirely true. From the point of view of the amount involved, I admit you will find creditors with the largest claims living in the big cities, but in the rural communities and the small towns where a merchant is conducting his affairs you will find the greater number of his creditors, small creditors it is true; but I contend that the local creditor with a claim of $100 should be considered just as much as the creditor living in a great city and having a claim of $1,000. Undoubtedly it is a greater deterrent against any inclination on the part of an insolvent debtor to avail himself of the Bankruptcy Act if all the proceedings are carried on in the locality where he lives than if they are to be dealt with in Montreal. It may be objected that this would mean greater expenditure on the part of wholesale merchants or manufacturers in the big cities. Not at all. When the affairs of an insolvent debtor are dealt with in the district in which he conducted his affairs the costs are lower than when the proceedings are transferred to Montreal or Quebec. In fact it does not cost a cent more to have the bankruptcy proceedings conducted in the local district of the insolvent debtor. Why? Because the wholesaler or the manufacturer in Montreal never goes to the court where the trustee is appointed; he is represented by the man who is after the job of trustee. In a word, everything is done by proxy. For example, if we have to deal with an insolvent debtor residing in the town of Sorel, wholesalers and manufacturers cannot complain that it would cost more to deal with his affairs there than in Montreal. They remain in Montreal and have their claims put forward in the court by a representative with a proxy. Even in Montreal the same procedure is followed. In the practice court of Montreal you never see the representatives of the wholesalers, the big companies, the big industries, the big manufacturers or the big stores; they are never there. Even their employees, their accountants or their clerks, are not there. The only persons who appear before the practice court or the registrar in Montreal when the trustee is appointed are those anxious to get the appointment as trustee, who present themselves with all the proxies they have been able to obtain from the big creditors located in Montreal. So if these affairs were to be dealt with in the rural sections of the province it would not mean any additional expense.

Everyone in this house seems to advocate the back to the land movement, but we are only talking; no one has shown any real desire to support that movement in a proper way. In the last few years everything has become centralized in the big cities of the province. Business is there; finance is there, railway affairs are there and everything is there. The rural sections of Quebec and the other provinces have been deprived of the natural activities which should be carried on within their boundaries. If we are sincere let us give a little more importance to the rural sections of Quebec and the other provinces of this country. It is absolutely useless to talk about going back to the land because the cities are crowded with people who have come from the farms; I contend that these people have been driven to the cities by the centralizing movement which has been carried on in Canada for a number of years, and more particularly in

the province of Quebec. Everything in that province has become centralized in Montreal and Quebec City and the people of the rural sections are suffering as a result.

Here we have an opportunity to decentralize, not by some pious expression of opinion but by some definite action. Give to the small towns and rural districts of Quebec and the other provinces the opportunity of dealing with their own affairs, which concern the people residing in that vicinity. I repeat that this would be a very good opportunity to say that when a bankruptcy occurs in a rural section of Quebec where a judicial district has been established, everything in connection with that bankruptcy should be dealt with by the court of that district, instead of having the whole thing transferred to the city of Montreal or the city of Quebec. Let us give the small centres some say in the administration of their own affairs, and we will make them more attractive to live in. Let us keep in those small centres the activities that should be kept there.

Let me say a word with regard to our lawyers. At the present time the life of a lawyer in a small community in the province of Quebec is impossible. He cannot make a living because everything has been transferred to the cities of Montreal or Quebec. Before long the lawyers practising in the small centres of my province will have to move to Montreal, which will mean that the population of the large cities will be increased and the rural sections of the province will be deprived of what is their due. We can get nothing in the rural sections of Quebec. Railway rates are against us; financial organizations are against us; under our banking system everything is being centralized in the big centres and the rural sections are losing their importance to a very large extent.

I think this practice is contrary to the speeches we have heard here and there in support of the back to the land movement. There is nothing to induce people who live in large cities to go on the farms. They would have to go empty handed; everything in which they are concerned and all their interests are located in the big cities. They can live in the country, but if they want something done they must go to Montreal or Quebec, or if they live in Ontario they must go to Toronto, and I believe the same thing applies in the other provinces. It is about time we made a serious effort to revive the rural sections of the country, more particularly in the province of Quebec.

I hope I may be pardoned by you, Mr. Chairman, and by the committee for speaking at such length. I have had this matter in mind for a long time, and this is not the first time I have expressed these sentiments. I think we should do something more practical than make speeches advocating the back to the land movement; we should do something to induce the people to go back on the land, and we should also try to keep on the farms those who are already there. What I said in regard to lawyers applies also to all the other professions and trades. Let me say just here that the lawyers in the rural sections are much better than their reputations would lead people to believe. In the small communities of our province they enjoy a very great deal of respect; in fact a large number of our rural constituencies are represented, both in legislatures and in this parliament, by lawyers and professional men. These are gentlemen of some importance in their localities, and they should not be driven away from their homes and the districts in which they have practised. They should be left to deal with the business arising in the locality in which they live; they deserve some consideration.

Mr. GUTHRIE: I have listened with a great deal of interest to the remarks of the hon. member for Richelieu with regard to the bill now under consideration, which proposes the amendment of certain sections of the Bankruptcy Act. To some extent I am in agreement with the views expressed by my hon. friend, yet on the whole I cannot say that I am in accord with his opinions.

I agree with the hon. gentleman that the question of bankruptcy and the administration of bankruptcy laws in the Dominion of Canada presents very great difficulties. Some of us will remember that as far back as 1876 the first act of the kind was passed by this parliament, known at that time as the Insolvency Act. After that act had been in operation for some six or seven years it was repealed, and the question of bankruptcy, as it came under the jurisdiction of this parliament, was altogether removed from our statute books. We had at that time seven provinces in Canada and each of them attempted in its own way to pass some law to meet the situation. We had no dominion bankruptcy or insolvency law and, as I say, each province attempted to enact laws of its own to meet the situation. There was a great deal of variation in the provincial laws. Afterwards, when we admitted two new provinces, they, of course, deemed it proper to attempt likewise to occupy what was federal jurisdiction by passing insolvency laws of their own. So that eventually we found ourselves

in the position of having nine separate insolvency laws in the nine provinces of Canada, and these were upheld in principle only because it was recognized that as the dominion field had not been occupied by dominion legislation in regard to bankruptcy or insolvency, the provinces should be permitted to pass laws of their own until such time as the Dominion parliament might assume jurisdiction.

The present act has been on the statute books since the year 1921. I believe that the moving cause which operated in regard to the introduction of the bill in the year 1920 or 1921 was the fact that so many protests had been received from foreign countries that had commercial dealings with Canada. Boards of trade and chambers of commerce in the United Kingdom, in the United States and in several European countries had from time to time protested to similar bodies in this country that there was too great a variation and too great uncertainty in the insolvency laws operating in the Dominion of Canada. Foreign dealers who sold goods to Canada felt great uncertainty as to their rights with respect to the question of insolvency. Representations were made from time to time to the government of this country that a uniform act should again be attempted. It will be remembered that under section 91 of the British North America Act bankruptcy and insolvency are questions which are placed specially under the jurisdiction of the Dominion of Canada and not at all under provincial authority. It was thought in 1921 that we should make an effort to produce a uniform bankruptcy act which would apply throughout the whole Dominion, because by so doing we should wipe out the operation of the various provincial measures which dealt with the subject.

Now, we have had eleven years of experience under the Bankruptcy Act of Canada, and I agree with my hon. friend from Richelieu that that experience has not in every case been satisfactory. Many complaints have been received by the Department of Justice in regard to various sections of the act, and many suggestions have been made for an amendment by way of improvement therein. Many complaints have been received from various parts of Canada as to the ill effects produced by the operation of the Bankruptcy Act as it now stands on the statute books. There was a great accumulation of proposed amendments and suggestions from all sorts of commercial bodies and individuals throughout the length and breadth of Canada, but on the whole I am bound to say that there was far more general approval than disapprobation of the act. It was thought that the time had come when there should be something in the nature of a general revision. Having regard to the protests and suggestions which had been made, the Canadian Bar Association, recently, within a year or two, took the matter up and appointed a special committee of expert lawyers to consider the whole act and to suggest amendments. A very able special committee was set up by the Canadian Bar Association and they made an exhaustive study of the act and sent a report of their findings to the Department of Justice. Many of their suggestions were exceedingly valuable and they did not come to a conclusion or make a report until they had made a very exhaustive study of the whole subject in its application to every part of the dominion. Boards of trade representing commercial interests in the great cities of Canada also made their representations, and an act was finally drafted in the department, including all such suggestions as were deemed advisable and practicable, and which have been incorporated in the bill introduced at the present session of parliament.

The house will realize—I think we all realize—that the whole subject is a difficult and to a large extent a technical one, and it was deemed advisable that a select committee of the house should be appointed to consider the bill as introduced, with a view to having a general discussion and giving an opportunity to persons throughout Canada or to corporations or other bodies in any part of the country to appear before that committee and make representations. I must say that the committee has been quite diligent in the consideration of the bill. It has not reached any conclusions without the very fullest consideration, and my information is that the bill which is now presented to parliament represents a practically unanimous report from that committee. Indeed, my hon. friend from Stanstead (Mr. Hackett) now informs me that it is a unanimous report. May I just here state that the hon. member for Stanstead was chairman of that special committee and he is eminently qualified at this juncture to give the house the fullest information and to explain the reasons which actuated the committee in regard to the amendments which they have proposed in the report they have submitted to the house. In some parts of Canada it may be, as pointed out by my hon. friend from Richelieu, that the bill does not exactly meet the situation; as he says, it does not exactly meet the situation in the province of Quebec in the points which he has

just discussed before this committee. But let me tell my hon. friend that his complaint with respect to the centralization of legal business in the province of Quebec has very slight application indeed to this parliament. My hon. friend knows that. The judicial system of the province of Quebec and the manner in which it operates are entirely under the control of the legislature of the province of Quebec. We are dealing with the particular question of jurisdiction in regard to bankruptcy and insolvency, but his remarks were of a general character, pointing to the centralization of legal business in the cities of Montreal and Quebec, which was having the effect of practically denuding the rest of the province of lawyers, compelling them to take up their residence in those cities if they intended to continue in their profession. Bankruptcy law is only one item to be considered in relation to the legal work of the province of Quebec, and the judicial system, the conduct of their courts, the arrangements of their districts, are all within the jurisdiction of the province of Quebec itself. I think an opportunity should be taken to forward to the attorney general of the province of Quebec the speech delivered today by my hon. friend from Richelieu, because there seems to be a good deal of force in it, and I think it should be brought directly to the attention of the authorities in that province. But in so far as this particular branch of legal business is concerned, it is under the jurisdiction of the parliament of Canada.

I do not propose to discuss this matter further at this stage, but there are present in the house at this moment a good many hon. gentlemen who were members of the special committee. They are more familiar than I or non-members of the committee can be with the various clauses of this bill. I should like to hear the fullest and freest discussion on every clause and I am sure the hon. member for Stanstead, who is chairman of that committee and who is fully familiar with every section and every proposal, will give this committee the fullest information in order that we may pass an unbiased judgment on these proposals. However, when we find that a special committee has made an exhaustive study of any question and has come to an unanimous conclusion, I think it is a pretty safe rule to follow to take its report as guidance for those who have not attended the committee or heard the discussion. Following that view, I am inclined to think that the bill as reported should be accepted by the house, possibly with very slight amendments.

[Mr. Guthrie.]

Mr. HACKETT: Mr. Chairman, there appears to be some misapprehension in the mind of the hon. member for Richelieu (Mr. Cardin) which I should like to dispel. It is regrettable that the rural population of the country is pouring into the cities but that is a trend which is not peculiar to our country or to the province of Quebec. If we put to the test of the statute the suggestion made by the hon. member for Richelieu, that a debtor who could not meet his obligations in Gaspe might be haled a thousand miles to Montreal, I fear it will fail. A debtor who is unable to meet his payments as they come due may make an abandonment of his estate to the official receiver of the bankruptcy division in which he lives, or a petition in bankruptcy may be made against him. The jurisdiction of the court before which he may be summoned is fixed by the act.

An hon. MEMBER: What section?

Mr. HACKETT: Subsection 5 of section 4. This subsection reads:

> The petition shall be presented to the court having jurisdiction in the locality of the debtor.

The petition should not be presented elsewhere. The locality of the debtor is defined by subsection (y) as follows:

> "locality of a debtor," whether a bankrupt or assignor, means
> (i) the principal place where the debtor has carried on business during the year immediately preceding the date of the presentation against him of a bankruptcy petition or the making by him of an authorized assignment;
> (ii) the place where the debtor has resided during the year immediately preceding the date of the presentation against him of a bankruptcy petition or the making by him of an authorized assignment; or
> (iii) in cases not coming within (i) or (ii), the place where the greater portion of the property of such debtor is situate;

Let us consider the case submitted by the hon. member for Richelieu. We will suppose that the debtor is a merchant residing in Gaspe, and that his property is there. If the bankruptcy district has been subdivided into divisions he cannot be summoned before any court other than the court having jurisdiction in the bankruptcy division in which Gaspe is located.

Mr. CARDIN: What is that division according to the recent decision of the court of appeal and the Supreme Court? It is the whole province of Quebec.

Mr. HACKETT: No.

Mr. FERLAND: Supposing a man who could not be summoned other than in the

judicial district of Gaspe goes to Montreal and makes a voluntary assignment; that could not be prevented and he would be entitled to have the assignment heard before the courts of Montreal.

Mr. HACKETT: Jurisdiction must be considered from two points of view. There is jurisdiction ratione materiae which deals with substance. The circuit court in Montreal, the jurisdiction of which is limited to $100, would not be competent, even with the consent of all parties to adjudicate upon a case in which more than $100 was involved. Secondly, there is jurisdiction ratione personae, which has to do with parties to litigation. The court may be competent to deal with the subject matter of litigation but have no jurisdiction over the parties to it because of an accident of residence, but that can be overcome by consent. I may be able to bring an action in Montreal against a person domiciled in Gaspe and it is perfectly competent for the man in Gaspe to submit himself to the jurisdiction of the Montreal courts.

Mr. DUPUIS: Even against the will of the creditors?

Mr. HACKETT: I am talking about consent.

Mr. DUPUIS: Consent means the consent of both parties.

Mr. HACKETT: The consent of both parties.

Mr. DUPUIS: The interested parties. The hon. member for Joliet (Mr. Ferland) did not submit that case; he submitted the case of an assignee who wanted to assign in Montreal against the will of his creditors.

Mr. HACKETT: I was endeavouring to make clear to the committee that the jurisdiction of the courts depends both upon the substance of the litigation and the parties to it. In this latter instance, the lack of jurisdiction may be overcome by consent. A gentleman from Gaspe may see fit to come to Montreal and make an abandonment of his property in Montreal, and if no person was prejudiced thereby or did not take exception to it, the courts undoubtedly could deal with the case.

Let me come back to the question as propounded by the hon. member for Richelieu. From the point of view of the superior court the province of Quebec is divided into about twenty-one judicial districts. From the point of view of the Bankruptcy Act, the province of Quebec is one district, divided into twelve divisions. In each division there is a court, an official receiver, a registrar and all the agencies and machinery necessary to carry out the act. If the hon. gentleman will turn to section 160 of the Bankruptcy Act, I think he will find that even though it be desirable to do what the hon. member for Gaspe suggests in his bill should be done, it would not be wise or necessary to do it by legislation because under that section of the act bankruptcy divisions may be created by order in council. The section is in the following terms:

> Each province of Canada shall constitute for the purposes of this act, one bankruptcy district, but the governor in council may divide any such bankruptcy district into two or more bankruptcy divisions, and name or number them.

If it is expedient to re-subdivide the province into twenty odd bankruptcy divisions to coincide with the judicial districts, all that need be done is to pass another order in council. An amendment to the Bankruptcy Act is not necessary.

Mr. DUPUIS: Has the committee done anything in this bill to overcome the judgment of the supreme court which decides that a man may assign anywhere in the whole province of Quebec?

Mr. HACKETT: I fear my hon. friend is under some misapprehension. I have endeavoured to point out that the jurisdiction of the courts may be in some instances a matter of agreement; if a bankrupt from a remote part of the province wishes to go to make an abandonment in Montreal and nobody takes exception, I fail to see the objection as the Montreal court has jurisdiction in matters of that nature.

Mr. BRASSET: The effect of my bill was to force the creditor to take bankruptcy proceedings in the district where the debtor resides, but under the judgment of the supreme court the creditor may take proceedings in any division of the province, which is what my bill sought to avoid.

Mr. DUPUIS: Is there any clause in this bill which allows a creditor, in the case of a debtor assigning in another district, to bring him back to his own district? Suppose a man assigned in Montreal and resided in Gaspe, is there any clause in the bill which allows the creditor to bring him back to his own district, not necessarily the majority of the creditors but a few creditors or one?

Mr. HACKETT: I do not know of any clause in the bill which would permit a bankrupt whose locality was Gaspe to make an assignment in Montreal in the absence of unanimous consent.

Mr. BRASSET: We do not want it to be by unanimous consent. We can do anything by unanimous consent. We want the creditor to be forced to take proceedings in the district where the debtor resides. That was the object of my bill. At present a debtor may reside in Gaspe and the creditor take proceedings in Montreal or Hull, or any other place in the province of Quebec. I think it is only fair that the creditor should be forced to take proceedings in the district where the debtor resides because, otherwise, in ninety-nine cases out of a hundred the creditor will take proceedings in Montreal or the city of Quebec, and a debtor residing in Gaspe, for instance, will have to come to Montreal or Quebec. That is an injustice which we want to avoid.

Mr. HACKETT: What was the name of the case in which that judgment was given?

Mr. BRASSET: I do not remember the name of the case, but there was a judgment to that effect. Perhaps the hon. member for Richelieu may remember the name.

Mr. CARDIN: I do not remember the name of the case, but it was that of a man residing in Roberval, and he was forced to go to Montreal.

Mr. HACKETT: Is it the Lauzon case?

Mr. CARDIN: The case came before the court of appeal. Both the supreme court and the court of appeal decided that "division" and "district" in the bankruptcy law meant the whole province and that a man from the district of Gaspe, for instance, could be brought to Hull and have his assets dealt with there.

Mr. HACKETT: I think it would be well to see just exactly what this judgment does say.

Mr. CARDIN: I am surprised that it escaped the attention of my hon. friend.

Mr. HACKETT: I was waiting for the hon. member for Richelieu to give me the name of the case.

Mr. DUPUIS: Was not that case discussed in the committee?

Mr. HACKETT: There is another point which was made by the hon. member for Richelieu with regard to the farmers. The committee heard many witnesses. One of them was Mr. Lalonde, the president of L'Union Catholique des Cultivateurs de la province de Quebec. Another was the Minister of Agriculture for the province of Quebec. They were supported by many other witnesses and there was absolute unanimity in their request that the law do no longer apply to farmers. There again there was a misapprehension. The law even now does not apply to farmers, in the sense that nobdy can put a farmer into bankruptcy. That has always been the law. However, it was competent to any insolvent farmer whose liabilities under the act exceeded five hundred dollars to go into bankruptcy. The Minister of Agriculture for the province, as well as Mr. Lalonde and a host of other witnesses testified that the fact that many farmers had gone into bankruptcy had been prejudicial to the credit of the farmers of the province of Quebec. As a result of this unanimous testimony we are amending section nine of the act, and if this amendment becomes law it will no longer be competent for a farmer in the province of Quebec to become a bankrupt. The farming class in the province of Quebec now enjoy the right of going into bankruptcy. At the present time they cannot be put into bankruptcy, but they have the right to go into bankruptcy and they have explained that that right has been abused and used to their disadvantage. For those reasons they wished to yield it up. The bill as it stands at present meets their requests.

Mr. GIROUARD: Do I understand the chairman of the special committee to say that under the amendment brought in by this bill a creditor may force a farmer into bankruptcy?

Mr. HACKETT: No; he never could.

Mr. MERCIER (Laurier-Outremont): What is the amendment?

Mr. GUTHRIE: To exclude the farmers of Quebec from the operation of the act.

Mr. HACKETT: I refer the hon. member to section 6 of the bill.

Mr. GIROUARD: So that no creditor can force a farmer into bankruptcy, and a farmer cannot go into bankruptcy himself.

Mr. HACKETT: No creditor could ever force a farmer into bankruptcy in any part of Canada. If the hon. member would refer to section 7 of the Bankruptcy Act he would find the following:

The provisions of this part shall not apply to wage earners or to persons engaged solely in farming or the tillage of the soil.

That is the law as it stands to-day, and as it has always stood. No one could force a farmer into bankruptcy, but a farmer could make an abandonment of his property for the advantage of his creditors. If this bill becomes law the farmer of the province of Quebec will have yielded up that right and will no longer be able to go into bankruptcy. If unable to pay his debts his property will be seized and sold, he cannot make an abandonment of his property, under article 853 of the code of civil procedure.

Mr. CASGRAIN: As in the old days.

Mr. FACTOR: Would the hon. member explain to the committee the need of a superintendent of bankruptcy, as provided in this section?

Mr. HACKETT: Bankruptcy is a law which seems to rest more on expediency than on morality.

Mr. GARLAND (Bow River): Hear, hear.

Mr. HACKETT: It is a law which is imposed by discipline, it is a means of excising from the business life of the country the debtors who cannot pay their debts as they become due. Not only does it take from a man all his property, but it frees him from his liabilities.

Mr. LAPOINTE: The hon. member referred to the code of civil procedure of the province of Quebec under which a farmer could make an abandonment of his property. Does that article not apply to traders?

Mr. CASGRAIN: To traders only.

Mr. HACKETT: That is correct.

Mr. LAPOINTE: I make the interruption merely to have it clear.

Mr. HACKETT: Bankruptcy is a departure from the ordinary rules which apply to business, and to that extent it is open to very serious abuses. In some countries a bankrupt—in France, for instance—loses his political and civil rights, he cannot vote or hold public office. In England he is disqualified from sitting in parliament, and is placed in a category of discredit. In this country however it has been said that bankruptcy is sometimes a short road to affluence. In any event there have been abuses of bankruptcy legislation. Those abuses have been traced by investigating committees to improper alliances and understandings between trustees in bankruptcy and dishonest debtors and dishonest creditors. It has been suggested, by several bodies which have investigated these abuses, that if the trustee could be selected with greater care—care as to integrity, character, experience and business ability—and if he were licensed and came under the supervision and discipline of a superintendent, many abuses would disappear.

I am inclined to agree with the hon. member for Richelieu that it is extremely difficult by legislation to make a man honest and honourable. It is not impossible however to exclude dishonest men from positions of trust. Under the bill no individual or corporation will be permitted to act as a trustee until he or it has been licensed by the Department of Finance. It will behoove the individual or the corporation to satisfy competent authorities that he or it is competent and reliable, and in every way suited for the work undertaken.

Mr. TURNBULL: I was one of the members of the special committee appointed to consider this bill, and as such I am one who is supposed to be a party to the unanimous report. For good and sufficient reasons, however, I was not present at the time the report was made, and I should like to say that there is one subsection in section 18 of the bill which worries me.

I could see the necessity for the appointment of a superintendent of bankruptcy if licensed trustees were to be required—and licensed trustees apparently were required by the people of the province of Quebec to remedy abuses which according to the evidence existed largely in that province—but I would be very sorry to see the growth of any large amount of departmental assistance to the superintendent, and would be very sorry to see any great extent of financial responsibility incurred. Hon. members will notice that subsection (3) (e) of section 18 in the bill states that the superintendent shall:

> (e) From time to time make or cause to be made such inspection of the administration of estates as he deems expedient.

Subsection (3) (g) of the same section provides that the superintendent must make an inspection or an examination when any complaints are made to him. It follows that subsection (e) must intend to go farther than merely inspecting or examining complaints. It must mean that the duty is cast upon the superintendent of his own initiative to keep some close and constant supervision over the administration of the estates. The keeping of a close and constant supervision over the administration of estates, even if qualified by the words "as he deems expedient" remembering that these estates are scattered all over Canada and are numerous, will mean

the necessity of keeping a fairly substantial staff for the purpose of taking care of that supervision and inspection. For it is not merely supervision, it is inspection as well. This will impose upon estates the burden of paying the expenses of maintaining that staff. More than that, I fear that if in the very unusual event of anything going wrong with an estate whereby money might be lost to the creditors or to the debtor, the existence of this section may lead to demands being made upon the government for reimbursement to the estate of any loss incurred through alleged failure to inspect the estate as often as it should have been inspected. We had an experience of that on a very large scale when the Home Bank failed. The claim was immediately made that because of failure to inspect the property and keep close track of the records of the bank, the government was under an obligation to reimburse those who had lost money by the failure; and a moral liability having been found a little later on, it cost the government a considerable amount of money. I fear that subsection (e) will cause the building up of a large establishment of civil servants—and hon. members who have had experience of the civil service know how easily and how quickly those staffs become increased—with a consequent additional burden on all estates in the country, and in addition a possible liability on the part of the government itself if some person should be of the view that a loss occurring to the estate was occasioned through failure on the part of the superintendent of bankruptcy to make such inspection as was reasonably necessary.

For that reason I should like the minister to consider the deletion of the subsection. I think what is required is sufficiently covered by subsection (g), that is the investigation of any complaint or anything that might be disclosed to the superintendent of bankruptcy as the result of reports filed in his office. If it should be found that that inspection is not sufficient, at a later date it would be very much easier to add to his powers than to give them to him now and so build up a staff that it will be difficult to reduce later. I very earnestly request the minister to make the powers of the superintendent as limited as possible at the present time, and add to them later on as occasion requires.

Mr. HACKETT: The hon. gentleman, as he admits, was absent from the committee when this aspect of the bill was discussed. It is estimated that there will not be more than one hundred trustees throughout Canada, and they will be pretty well localized in a few centres. Moreover, the necessity of a staff to carry out this work was gone into and an outside estimate of its cost was made. The committee came to the conclusion that the great weakness of the act was that nobody seemed to be responsible for its administration. The act contained a provision that its administration came under the jurisdiction of the Minister of Justice, and this seemed to be taken by the attorneys general in the different provinces as a sufficient reason for holding aloof from assisting in its enforcement.

My friend from Regina (Mr. Turnbull) has made some reference to a bank failure. The bank was not bonded. The trustee is not only bonded once, he is bonded twice. I doubt if the hazard he refers to exists; the provision making it the duty of the superintendent to investigate of his own initiative without notice and at all times will greatly fortify the administration of the act and make it much more effective. Another weakness of the act, as was pointed out in the evidence, was that so much—too much—was left to the initiative of the individual creditor, who is rather a helpless person; if one must wait until the horse has been stolen before locking the stable, it is too late, the reason for making the investigation will have disappeared.

Mr. TURNBULL: I think the remarks of the hon. member for Stanstead (Mr. Hackett) have, at least in my view, strengthened my argument. If trustees are licensed, and if the superintendent of bankruptcy assumes his proper responsibility in seeing that only properly qualified trustees are appointed, and if those licensed trustees are twice bonded, and if they are compelled to make reports from time to time to the superintendent of bankruptcy in his office here in Ottawa, surely that should be sufficient to enable him to supervise his licensed trustees without the necessity of appointing a staff to go around from time to time and inspect, not the licensed trustees, but the administration of individual estates. It is not a question of inspecting one hundred licensed trustees it is a question of inspecting the administration of hundreds and thousands of estates, with all that imposes on the superintendent of bankruptcy. I would suggest that we try out the act on the basis of the minor authority first, in view of the fact that our licensed trustees are properly appointed, and that they are bonded with respect to their appointment and again with respect to the estate itself. Let us confine ourselves to investigating complaints, which after all involve the removal of any licensed

trustee. Surely the investigation made by the superintendent of bankruptcy should be very largely confined to complaints against the officials whom he has licensed, so he can exercise his discretion as to whether the licences shall be continued or withdrawn. Any other course of inspection beyond a doubt is going to result in the building up of a very large and expensive staff at Ottawa under the superintendent of bankruptcy.

Mr. CARDIN: I think the fears of the hon. member for Regina are perfectly well justified, and he may rest assured that before long this is going to establish a very important bureau in Ottawa to deal with the Bankruptcy Act. He may also be assured of this, that the moment one creditor is dissatisfied with anything happening during the disposition of the assets of an insolvent debtor, he is going to make complaint at Ottawa and ask for a special investigation to be made by the superintendent. So the superintendent will be travelling all the time covering the whole of Canada, and to answer the requests coming every day to his department it will be necessary that he have an assistant, as well as accountants, stenographers and other officials. In the end it may very well be that in the event of loss to the creditors the government will be charged with responsibility because the supervising by the superintendent had not been efficient, and it will be urged that there is a moral responsibility on the government.

Now, may I be permitted to refer to the case I mentioned with regard to the fact that the province of Quebec is being considered as one district under this bill, and that a man residing in the county of Gaspe may be forced to come to Hull or to Bryson to answer the petition in bankruptcy. The case was decided in the court of appeal of Quebec and the decision was affirmed by the Supreme Court of Canada in 1927. I refer to the case of Boilly v. McNulty. The debtor was residing in Roberval, in the extreme east end of Quebec, and he was brought to Montreal. This is the decision of the supreme court:

> Held, that the superior court sitting in bankruptcy at Montreal had jurisdiction. According to section 63, subsection 1 (d) of the Bankruptcy Act, the court having jurisdiction in bankruptcy matters in the province of Quebec is the superior court of the province, and according to section 64, subsection 5 of the act, each province of Canada shall constitute for the purpose of this act one bankruptcy district, so that the superior court, sitting in any provincial judicial district, has jurisdiction to hear a petition in bankruptcy served upon a debtor residing and doing business in any part of the province.

I think that is quite clear, and this interpretation absolutely confirms my contention. I think it time this situation was remedied and justice rendered to those living in the rural sections of Canada, more particularly in the province of Quebec. My hon. friend from Stanstead said that boards of trade, chambers of commerce and so on were in favour of these amendments. I have every respect for these organizations, but they are located in the big cities and it is only natural that they should look after their own interests. But they forget the interests of those living in the rural sections of the country. I do not blame these organizations for making these recommendations in order that these matters may be dealt with at their convenience. They are defending their own interests and protecting their own rights, but I think one of the duties of parliament is to look after the interests of all Canada and not to legislate only according to the will or the whim of these big organizations located in the large centres. The rural sections of Canada must be recognized and considered; they should not be deprived of their advantages and their rights.

It is not my intention to move any amendment, but I would ask the Minister of Justice and the government if they would not consider an amendment to provide that in the districts of Quebec, other than the cities of Montreal and Quebec, the clerk of the court should be appointed as trustee to administer the affairs of insolvent debtors. That would save a large amount of money to the creditors. This official of the court could deal with the matter much better than it could be dealt with by any other trustee who might be appointed. The clerk has legal knowledge as well as a knowledge of conditions in the district in which he lives, so he would be in a very good position to dispose of the assets of an insolvent debtor. This would ensure the application of the Bankruptcy Act in a very proper way. That man would be an official of the court; he would know how to deal with legal matters, and he would be dealing with them in his official capacity. This would not greatly increase his duties, because after all there is not very much to do when a trustee or liquidator wants to dispose of an insolvent business quickly; that can be done in a very short time. The delay in the past has been caused by the trustees themselves, who have had many matters accumulate in their offices, and who must adjust everything else in order to leave themselves free to look after one particular matter. So I think if the clerk of the court

could be appointed as trustee it would be a very great improvement and a relief to the creditors, because they would be sure that no creditor would have an advantage over the others. At the present time the trustees are appointed by the creditors, and when a trustee is appointed because of the support he receives from a certain number of creditors it is only natural that he should be inclined to be nice to the creditors who supported him as against those who opposed his appointment.

Another point is that if the clerk of the court were appointed you would keep in these bankruptcy affairs the judicial character that should be preserved. After all, it is purely and simply a judicial matter; it is not a business proposition. It concerns the division of the assets of a debtor among his creditors according to their claims, and this must be done in fairness and in justice to all. It is a judicial proceeding in its very character. That being so, why not place the whole business in the hands of an officer of the court of the district in which the debtor carried on his affairs? I repeat that it would cost much less than it will cost under the system which has been evolved up to this time and which is being perpetuated by the amendments with which we are dealing; so I earnestly plead with the Minister of Justice and the Prime Minister to consider that aspect of the case, to see if it would not be possible, without delaying the passing of the measure too long, to permit the appointment of the clerk of the superior court as trustee. We have been speaking of boards of trade and chambers of commerce. I feel sure that these organizations will not object to this change. They should feel much more secure if the whole business is placed in the hands of an officer of the court, so I respectfully but earnestly submit this suggestion to the government.

Mr. HACKETT: It is unfortunate that the hon. member did not attend some of the meetings of this special committee, where it was made clear by the evidence that the functions of the trustee are not judicial. They are commercial and financial. It is necessary that the trustee be acquainted with business and business methods to realize the largest amount possible on the assets. A person who acts as trustee must have business connections and business experience. Furthermore, it was established that in the United States, where for some years they have caused bankrupt estates to be administered in the manner suggested by the hon. member for Richelieu, they have been forced within the last two years to abandon that method. They have found that the court officials are incapable of dealing with large commercial and financial matters in which they have no training.

Mr. CARDIN: The trustees that are going to be appointed are not experienced men.

Mr. GUTHRIE: Then they should not be appointed.

Mr. HACKETT: That is why we are going to license them.

Mr. CARDIN: But if you appoint as trustee a man who is expert in one line of business he will not be expert in some other line; he may be quite competent in one line and know nothing whatever about another line of business. He may be competent to deal with the class of goods left by one insolvent debtor and he may be utterly incompetent to deal with some other class left by some other debtor. What is the use of experience of this sort? To a certain extent they will have to deal with distressed goods. Now what is the duty of the trustee? It is to take possession of the goods which are left and to make a valuation of them. Well, is he going to carry out that duty himself? Are the trustees going to do this work themselves? No. They will hire the services of some other person to take an inventory of the goods and make a valuation of them. They will not do this themselves. So that they do not need to have special qualifications in the line of business in which the insolvent debtor was engaged. The valuation of the goods is made by some hired man or firm, and the goods are afterwards sold by auction or privately. You do not need great experience in business to dispose of distressed goods which have been left by an insolvent creditor and which have to be sold either by auction or privately. Under the circumstances, therefore, I do not see why it should be necessary to have so highly qualified a business man appointed as trustee. As a matter of fact, he will not use his experience and his knowledge because he cannot personally go and make the inventory or the valuation; as I say, he has to hire someone. The court can do that just as well. The court can hire the services of some man in the locality, and that would be a good deal less costly than having the valuation made by some man coming up from Montreal. The man in the locality would be perfectly familiar with the conditions there; he would understand quite well the conditions of the trade in

which the insolvent debtor was engaged, and therefore these duties could be carried out as properly and efficiently by an officer of the court.

Mr. GUTHRIE: I am always ready to give the greatest consideration to any suggestion that emanates from my hon. friend from Richelieu.

Mr. CARDIN: I appreciate that and I thank the minister for the compliment.

Mr. GUTHRIE: I must say, however, that my own view is that the proposal to appoint clerks and registrars of the courts is not as sound as it might appear to be. My experience in my own province of the registrars and clerks of the various courts would lead me to the conclusion that they are about the least proper officials to appoint as trustees in bankruptcy. I do not know of any class of persons who, I would say, were less adapted for this purpose than the clerks and registrars of the various courts of Ontario. Then there is this other point to be considered. These clerks and registrars are appointed for specific purposes, and their time is supposed to be fully occupied in their present positions in the courts. The object of this amendment has been to secure as far as possible men best adapted to act as trustees, and the positions have been surrounded with every reasonable safeguard. They have to be licensed, and only men who are deemed proper for the purpose will obtain licences. Not until then will they be appointed.

Mr. CARDIN: We had that system a few years ago and it was abandoned.

Mr. CASGRAIN: We had it up to 1923.

Mr. CARDIN: Up to 1923, as the hon. member says, we had the system of licensed trustees and it was abandoned.

Mr. GUTHRIE: We have the system pretty well safeguarded in the amendment which is now before the committee, and if this amendment carries the result will be that we shall obtain as trustees in this important field men who will be far ahead of those whom we have had under any former system. They will be men better adapted to wind up estates. Personally I think we should try out the proposal reported by the committee. It may be that it will have to be changed at some time in the future, but I very much prefer this system, speaking for myself, to the proposal now made by my hon. friend from Richelieu, and I am basing that statement simply on my own experience of court officials whom I know. I do not think they would be well adapted to act as trustees in these cases, nor do I think that they should be asked to do so for the reason that they have already certain duties to perform in the positions they now occupy. However, I am willing to give the matter further consideration. I understand from the hon. member for Stanstead that the committee viewed the proposal from every angle and there was practically no division on this question. Their endeavour was to secure the very best kind of trustee at the least possible expense, to safeguard the interests of both creditor and debtor, and to see that every dollar could be obtained for those who were entitled to receive money. After considering the question very carefully and hearing the evidence submitted both pro and con, I regard this clause as the considered opinion of the committee, and I should hesitate very much to depart from their report unless very good cause were shown.

Mr. DUPUIS: Is there any reason why bankruptcy proceedings should not be taken in the judicial district in which the debtor lives?

Mr. GUTHRIE: Giving my own opinion, I would say at the moment that I see no particular reason why they should not. But in the case that has been discussed this morning, so far as I heard the brief synopsis given by my hon. friend, the supreme court merely decided that each province constituted a bankruptcy district and that the superior court of the province had jurisdiction in bankruptcy and could entertain a petition in bankruptcy. I assume that this is correct, that the superior court could entertain a petition in bankruptcy. I do not know whether it has been called to the attention of my hon. friend or not, but we have a new subsection, subsection 8 of section 17 of the bill, intended to meet difficulties which may arise through inconvenience and so on. That provision reads:

> (8) Notwithstanding the provisions of this act, when the debtor resides or carries on business at a distance far removed from the nearest licensed trustee, the court or the official receiver may, having regard as far as the court or official receiver deems just to the wishes of the creditors, appoint a responsible person residing in the locality of the debtor as custodian, and such person shall be eligible to be appointed by the creditors as trustee and shall, for the purposes of the administration of the estate of such debtor, have all the powers of a licensed trustee under this act and thereupon the provisions of this act shall apply to such person as if he had been duly licensed hereunder.

It was to meet inconvenience and difficulty that that clause was inserted. The court has

power to meet the situation by employing a local person to take charge of the estate, to act as trustee and to perform all duties provided the creditors are not prejudiced. I think that that goes a long way to meet the objections.

Mr. CARDIN: I think it is only fair and reasonable, in view of the judgment of the supreme court and other judgments which have been given in the province of Quebec, that it should be made plain that the affairs of the insolvent will be dealt with in the judicial district in which he resides. I can see the force of the argument of the hon. Minister of Justice (Mr. Guthrie) in connection with subsection 8 of section 17, but anyone reading that subsection in the light of past experience, or anyone reading between the lines, must realize that a man outside of the large districts will be appointed only if the creditors living within the large districts are satisfied with him. That is what will occur. I refer again to my first observation, that the creditors in the large cities may be important from the point of view of the amounts involved, but from the point of view of the number of creditors, they are generally to be found in the rural sections, especially when the bankrupt was carrying on business there. I should like to refer to the case of Dubuc versus Bergeron, reported at page 217, volume 37 of La Revue Legale. In this instance two petitions were filed on the same day, one at Chicoutimi and the other at Montreal. The insolvent debtor was living in Chicoutimi but the court decided that proceedings should be carried on in Montreal. Such proceedings should not be possible; it is about time that a condition of this kind was corrected.

I should like to refer to the abuses which have existed in the past and which will exist in the future even with the proposed amendments in connection with trustees. I should like to translate a letter written by a man who desired to be appointed a trustee. This letter is dated in 1931 and the translation is as follows:

> Seeing by the reports that one of your creditors is about to sue you, we take this opportunity of offering our services without any obligation on your part or without any payment. If you desire an extension of time, a compromise or an arrangement with your creditors, we are at your service and we can stop immediately all proceedings and unjustified costs. Please fill out and return to us the blank which is enclosed.

That is an example of the action taken by certain people desiring to be appointed as trustees. They endeavour to induce people to take advantage of the bankruptcy law. Even if trustees are licensed I contend that they will continue to act as they have in the past and try to induce people to go into bankruptcy in order that they may be appointed as trustees.

Mr. HACKETT: That would be an offence now.

Mr. GUTHRIE: I agree that a man who would write such a letter would be disqualified from being appointed trustee.

Progress reported.

At one o'clock the Speaker resumed the chair and the house took recess.

The house resumed at three o'clock.

Mr. SPEAKER: By consent the house will revert to presenting reports by select standing committees.

BANKING AND COMMERCE

Fifth report of the select standing committee on banking and commerce.—Mr. Matthews.

AGRICULTURE AND COLONIZATION

Mr. M. C. SENN (Haldimand) presented the fifth report of the select standing committee on agriculture and colonization, as follows:

> The select standing committee on agriculture and colonization, beg leave to present the following as its fifth report:
>
> Your committee has had under consideration the following order of reference, dated Tuesday, March 15, 1932.
>
> Tuesday, March 15, 1932.
>
> Ordered,—That the report of the committee on grain standards for the crop year 1931-32, in so far as it relates to garnet wheat be referred to the said committee, with instructions that the whole subject be inquired into carefully and that the said committee shall have power to call for witnesses, papers and documents and to report to the house its findings.
>
> Attest. Arthur Beauchesne,
> Clerk of the House.
>
> Your committee, in view of the evidence presented before them, a printed copy of which is herewith presented to the house, present the following recommendations:
>
> Your committee recommend that the Canada Grain Act be amended to make, operative for the crop year 1933-34, the recommendation of the western grain standards board, in so far as it relates to the grading of garnet wheat as contained in the annual report of the Board of Grain Commissioners for Canada for the year 1931. Provided that the said amendment shall have force and effect for the crop year 1933-34, unless the said board shall, after giving due

consideration to the evidence given before your committee and conditions then existing, establish standards for the grading of garnet wheat for the said crop year, different from the standards recommended by the said report of 1931.

Your committee further recommend that one thousand copies of this report and the evidence on which it is based be printed in blue book form for distribution to the growers of garnet wheat so that they may be more fully advised of the intended change in the Canada Grain Act.

CONVERSION LOAN

STATEMENT BY THE HON. MEMBER FOR SHERBROOKE

Mr. CHARLES B. HOWARD (Sherbrooke): Mr. Speaker, in connection with my remarks as reported at page 1994 of Hansard to which the Minister of Finance (Mr. Rhodes) referred this morning, I have re-read the remarks and I do not see anything wrong with the statement I made, but in view of the fact that some hon. members of this house might attach to my remarks a meaning different from that intended I wish to state that I did not in any way impute wrong-doing to any member of the cabinet or to any member of the house.

DISTRIBUTION OF SEED GRAIN

Mr. LAFLECHE (Richmond-Wolfe) (Translation): Mr. Speaker, I wish to put a question to the hon. Minister of Agriculture (Mr. Weir), in doing so, I must read a letter on which the question is based.

Mr. MERCIER (St. Henri) (Translation): Louder!

Mr. LAFLECHE (Translation): May I, sir, read to the house the correspondence exchanged between the hon. Adélard Godbout, Minister of Agriculture for the province of Quebec, and myself. This correspondence refers to the distribution of seed grain in Quebec. On May 10, last, I wrote the following letter to the hon. Mr. Godbout:

Hon. Adélard Godbout,
Minister of Agriculture,
Quebec.
Dear Mr. Godbout: . . .

Mr. LAPOINTE: On a point of order, Mr. Speaker, may I ask under what rule or authority the hon. member for Richmond-Wolfe (Mr. Laflèche) is communicating to the house correspondence between himself and the Minister of Agriculture for the province of Quebec?

Mr. LAFLECHE (Translation): I rise to a question of privilege.

Mr. SPEAKER: The hon. member for Richmond-Wolfe is not in order in making his statement at this time. The house has reverted to motions by consent for the purpose of allowing a certain procedure to take place. I would therefore ask the hon. member to defer his statement until the orders of the day are called at a future sitting, when it might be in order for him to proceed.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Right Hon. R. B. BENNETT (Prime Minister): Before you leave the chair, Mr. Speaker, I should like to intimate to the house that I have communicated with the hon. member for Acadia (Mr. Gardiner) and he informs me that members of his group have made arrangements that would preclude them from being in attendance on Saturday. I suggested that possibly we might sit beyond eleven o'clock until eleven thirty or twelve to-night and to-morrow night if that were acceptable to the other members of the house, and he said he thought that might be managed. If it is acceptable to the house I would make a motion accordingly.

Hon. ERNEST LAPOINTE (Quebec East): As far as we are concerned, it is most acceptable. I am only sorry that we do not sit on Saturday.

Mr. BENNETT: Then with the consent of the house I move, Mr. Speaker, that the eleven o'clock rule do not apply to-day or to-morrow.

Motion agreed to.

BANKRUPTCY ACT AMENDMENT

The house again in committee on Bill No. 41, to amend the Bankruptcy Act—Mr. Guthrie—Mr. Smith (Cumberland) in the chair.

Mr. CARDIN: To sum up the observations which were made this morning I beg to move that the present bill be amended by adding the following to paragraph (y) in section 2 of the Bankruptcy Act, chapter 11 of the revised statutes of Canada, 1927, as subparagraph (iiii):

in the province of Quebec the judicial district wherein the debtor carries on his business as defined by the statutes of the province of Quebec.

The CHAIRMAN (Mr. Smith, Cumberland): I would call the attention of the hon. gentleman to the fact that according to the information before me section 2 has already passed.

Mr. CARDIN: In order to expedite business, Mr. Chairman, we have been discussing

the whole bill on section 2. The object of the amendment I have moved is to define the word "locality" in the bankruptcy act, and so far as the province of Quebec is concerned, if this amendment is agreed to, "locality" will mean the judicial district, as established by the statutes of the province of Quebec, in which the debtor was carrying on his business.

Mr. GAGNON: What section of the bill is my hon. friend proposing to amend?

Mr. CARDIN: I am moving my amendment as section 2 (a) of the present bill to make it clear that the locality of a debtor is the territory comprising the judicial district in which he is carrying on his business.

Mr. GUTHRIE: How many judicial districts are there in the province of Quebec?

Mr. CARDIN: Twenty, I think.

Mr. LAPOINTE: Although I am inclined to agree on general principles with my hon. friend from Richelieu, I would like to ask him if he has considered all the circumstances that may arise. As the law is now, the judges of the superior court in the province of Quebec, which is the court having jurisdiction in bankruptcy, reside, with the exception of Three Rivers and Sherbrooke, where they have resident judges, in two districts only, Montreal and Quebec city, and they are assigned by the Chief Justice in Montreal and by the Chief Justice in Quebec city alternately, according to the needs of the various districts. It may very well happen that at the moment the petition for bankruptcy should be presented there is no judge in the district. Celerity in cases of this kind is necessary. Procedure has to be swift, because if it is necessary to wait weeks there will be no assets left for the creditors. I am afraid that if a strict amendment or provision such as the one proposed by my hon. friend is enacted the parties will suffer because it will be impossible to act quickly in bankruptcy proceedings.

Mr. SULLIVAN: Unless the same rights and privileges might be given to the clerk or registrar of the court.

Mr. CARDIN: In most cases, already, according to our code of civil procedure, the registrar or the clerk has all the powers of a judge in chambers. The important factor is not the hearings of the petition, but the service. We do not need a judge in the town of Sorel to have a petition in bankruptcy served on a debtor. The petition may be served without the judge in attendance; it comes before the judge only when there is contestation.

Mr. LAPOINTE: While the estate is in the hands of the trustees all sorts of procedures arise and have to be dealt with quickly.

Mr. CARDIN: If in the province of Quebec judicial districts, trustees, or persons authorized to act as such, are appointed, I think the difficulties will be overcome. It is always easy to have a judge in any locality the judges visit at certain periods named by the chief justice. When there is a special matter which must be attended to quickly it is very easy to get in touch with the chief justice and have a judge sent to the district in question. That, therefore, would not be a serious objection.

Mr. MERCIER (St. Henri): A judge of the superior court is always assigned to one judicial district for a fixed period, sometimes as long as a year. For example a petition in bankruptcy can be granted in the city of Montreal against a debtor residing in Chicoutimi. To-day the law in the province of Quebec enables a judge in Montreal to grant a petition for the district to which he is assigned, and his judgment has the same effect as if it had been rendered at the court house in Chicoutimi.

Mr. CARDIN: I thank the hon. member for St. Henri for directing my attention to that point. Any urgent matter which arises in the county of Richelieu can be attended to in the city of Montreal by a judge assigned to the county of Richelieu. There can be no difficulty therefore so far as that is concerned. The petition can be served in the absence of the judge, and if any procedure is to be taken to prevent the disposition of the assets of the insolvent, it can be attended to in the city of Montreal by the judge assigned to the district. Therefore all interests are protected.

Mr. GUTHRIE: If I understand correctly, I am afraid the suggestion will rather complicate the operation of the Bankruptcy Act. This act has been drawn in pursuance of the idea that there were in the province of Quebec twelve bankruptcy divisions. The whole province of Quebec is divided into twelve divisions, whereas the judicial districts number some twenty or twenty-one. If proceedings can be taken in any one of the twenty-one judicial districts where a debtor may reside it is going to upset the whole machinery in regard to the twelve divisions already established. I am afraid it would alter a great deal of the framework of the act. The other point I wish

to mention to the committee is that I am aware of the force of what has been said by the hon. member for Quebec East (Mr. Lapointe) with regard to the present judicial districts. I am officially aware of the fact that in many of these districts for considerable periods of time there was no judge in attendance. Consequently complaints came to the Department of Justice in regard to that matter. I forwarded these complaints to the attorney general of the province of Quebec who now has the matter under consideration to see if the present system cannot be improved. I can imagine however that great difficulty could arise by reason of the fact that there is no judge in the particular district at the time he is required. My own view of the whole matter is that while we want to convenience the public in every way possible, the first consideration should be the convenience of creditors. They are the ones most interested, and in the majority of cases the whole of the estates belong to them. The next interest certainly is that of the debtor. Under certain conditions, if he has made an honest assignment and conducted his affairs honestly he may obtain a discharge from future liability. Certainly the convenience of those two parties should be consulted.

I am asking the committee however to let us try out this proposal. This scheme has not come forward without consideration or thought. It has been fully considered, and we believe we have now before us a scheme which will improve the administration of the law, particularly in the province of Quebec where the chief difficulty seems to have arisen. Why not try out this scheme for one or two years and see what, if any, defects may develop in that time. If there is any hardship or any very serious inconvenience in the operation of the act as now proposed, there will be an opportunity to amend it. I should not like however to mix up the twelve bankruptcy divisions as they now exist in the province of Quebec with the twenty-one judicial districts, because I think it will lead to untold difficulties.

Mr. CARDIN: May I say to the minister that there is no such thing as twelve bankruptcy divisions in the province of Quebec. They do not exist.

Mr. GUTHRIE: Do they not?

Mr. CARDIN: They have not been established, so there would be no interference created. With reference to the respective arguments advanced by hon. members attacking and supporting this measure, I may say I am not speaking particularly for the debtors. I, as well as the minister speak for the creditors. I speak particularly however, for those creditors in the smaller centres who most of the time are incapable of having their claims satisfied or properly considered. Most of them have not the means to travel long distances. They cannot go from Rimouski to the city of Montreal to dispose of a little claim involving $50 or $100. For that reason most of the small claims in the rural districts are lost; they are abandoned because the people interested are not in a position to fight in the city of Montreal or other distant centres. This amendment would not upset in any way the operation of the act or the amendments which are being considered. It simply means that an insolvent debtor doing business in Chicoutimi cannot be taken to Bryson to answer a petition in bankruptcy. When a creditor brings an action against a debtor he is bound to take proceedings in the district in which the debtor resides. That principle is just and fair; but when it comes to bankruptcy the principle is ignored and the insolvent debtor may be put to the expense of meeting his creditors at the other end of the province. The same system applies in Ontario: an insolvent debtor here can be forced to go to Windsor to answer a petition in bankruptcy, for the Supreme Court of Canada has decided that a province means a division, and that the locality of the insolvent debtor means the province in which he resides. I say that is ridiculous and should be changed.

Mr. GOBEIL: Can the insolvent debtor go of his own free will and make an assignment?

Mr. CARDIN: Yes, he can do the same thing.

An hon. MEMBER: No.

Mr. GOBEIL: Some lawyers say "yes" and some say "no." I should like to have the situation cleared up.

Mr. CARDIN: If an insolvent debtor desires to do that it is very easy for him to have one of his creditors present a petition against him at any place where he wants to go.

An hon. MEMBER: That is different.

Mr. CARDIN: That can be done very easily, in fact a man can assign anywhere; he has only to scheme with a friend to present the necessary petition. I think this should not be permitted when we are attempting to prevent corrupt practices on the part of insolvent debtors, and we should see to it that the bankruptcy proceedings are conducted

among the people with whom the debtor has been transacting his business. He will be much more embarrassed there where all his actions will be under review than in Montreal where no one will know what has been going on. I think it is only fair that the territorial jurisdiction should be preserved. It may be objected that the province of Quebec has much to say. I do not care what the province did on other occasions in the field of its activities, but here we have the power, without consulting the province of saying that in so far as bankruptcy is concerned the locality of the debtor means the judicial district in which he has been living and carrying on his business.

Mr. GUTHRIE: Does not my hon. friend think that subsection (8) of section 17—a new section—will avoid all the inconvenience and difficulty which he has now expressed?

Mr. CARDIN: No, that would not cover the point raised by my hon. friend from Compton (Mr. Gobeil); it would not prevent a debtor making an assignment anywhere he wanted to.

Mr. GUTHRIE: Suppose he did, that is not the trouble. The trouble is the administration after the assignment—the meeting of creditors and, the winding up of the estate; the court can direct all that to be done in the local district or at any point it deems fit under subsection (8). The making of the assignment is a preliminary act before a judge, it matters not whether in Montreal, or Quebec. or anywhere else if he has the necessary authority; then takes place the meeting of creditors, the appointing of a trustee and the winding up of the estate, and under the new paragraph which has been introduced into this bill all that can be done in the immediate home of the debtor.

Mr. CARDIN: That is not the case covered by subsection (8); not at all. That case applies to localities far distant from the place where there is a trustee.

Mr. GUTHRIE: No. The court may "appoint a responsible person residing in the locality."

Mr. CARDIN: No. "Notwithstanding the provisions of this act, when the debtor resides or carries on business at a distance far removed from the nearest licensed trustee—"

Mr. GUTHRIE: Yes.

Mr. CARDIN: Well, that is not the case we have in mind.

Mr. GUTHRIE: I thought that was the difficulty you were picturing.

[Mr. Cardin.]

Mr. CARDIN: No. Under the present law we may have a licensed trustee in Sorel, and an insolvent debtor in Sorel can be brought to Montreal by his creditors, notwithstanding subsection (8).

Mr. GUTHRIE: If a majority of the creditors so decide should they not have the right to say where the meeting of creditors shall be held?

Mr. CARDIN: If you say majority in number, that may be true to a certain extent; but if you say the majority so far as the amount of claims is concerned, you might as well admit that the meetings will always be in Montreal or Quebec. The largest creditors are always in those cities, but the greatest number of creditors are usually to be found in the locality in which the debtor resides. So it is no great protection to say "if the creditors wish." We all know by experience what that means. It is by the creditors' wish that the people of Chicoutimi and Gaspe have been taken to Montreal. It is by the creditors' wish that a debtor or small creditor can be taken from one end of the province to the other. We all know the strength and influence of our financial organizations in the big cities. If you place the debtor and his small creditors in the rural sections in the hands of the board of trade and the chamber of commerce in Montreal or Quebec, you need not fear that any of the bankruptcy proceedings are going to be conducted in the other sections of the province. It is to prevent that practice and to protect the small creditors that we ask that the bankruptcy proceedings be transacted in the rural section where the debtor and most of his creditors reside. Why be afraid of going to the county of Gaspe and settling the affairs of the bankrupt? The judges are the same.

Mr. GUTHRIE: All that will be done if the court thinks it is proper to do so.

Mr. CARDIN: It cannot be done. It will not be done.

Mr. GUTHRIE: My hon. friend must be reasonable.

Mr. CARDIN: I submit the power is not there.

Mr. MERCIER (St. Henri): If my client has a claim of over $500 against an insolvent debtor living in Chicoutimi, I draw a petition and the assignment is made right away. I do not need to have a meeting of creditors, I simply serve him with a petition to appear in Montreal. How could you apply subsection (8) to that?

Mr. GUTHRIE: Subsection (8) relates to the winding up and administration of the estate, not to the presentation of the petition. That is within the jurisdiction of the superior court of the hon. member's province and I can understand a judge sitting in Montreal or in Hull having the same jurisdiction. But that is only a formal application. We will assume it is granted. Then the machinery is put in motion to wind up the estate, the meeting of creditors and the like takes place, and under subsection (8), as now proposed, all that can be done in the immediate locality of the debtor, if the judge of the court so directs.

Mr. CARDIN: If my hon. friend is correct, if all that we ask is practically covered by subsection (8) of section 17—

Mr. GUTHRIE: All except the formal presentation of the petition.

Mr. CARDIN: If that is the case, why not make it clear and definite by the amendment which I proposed.

Mr. GUTHRIE: This gives the judge the power to say so; that is the only thing.

Mr. CARDIN: But he will never say.

Mr. GUTHRIE: I do not think that of the judges.

Mr. GAGNON: I should like to say that I think the hon. member for Richelieu is right; although I live in the city of Quebec I think it in the public interest that justice should be decentralized. I only regret that members of the rural bar, to which my hon. friend from Richelieu belongs, did not express their views before the committee; I feel confident that if this had been done the amendment now suggested by my hon. friend would have been accepted. Now we are taken by surprise, and possibly the views of my hon. friend will not be accepted. Nevertheless, I respectfully contend that the hon. gentleman is right, that it is absolutely against the interest of creditors in general for a debtor to be permitted to go sometimes two hundred or three hundred miles to make an assignment of his assets. On the other hand it is contended that in the large cities, such as Montreal and Quebec, there are more competent accountants who are experienced in the ways of winding up insolvent estates, but there is nothing to prevent such officers from going to the rural districts and establishing themselves in that business. On the whole, Mr. Chairman, I gladly support the amendment suggested by the hon. member for Richelieu.

Mr. JACOBS: What are the twelve bankruptcy divisions to which reference has been made?

Mr. HACKETT: May I preface my answer to that question by stating that the judgment of the supreme court, to which reference was made this morning, rests upon the finding that the power conferred by section 160 upon the governor in council to subdivide the province, which is called a bankruptcy district, into bankruptcy divisions was never exercised. The judgment in the case of Boilly versus McNulty, rendered by Mr. Justice Rinfret, is in the following words:

"Parliament authorized the Governor in Council to subdivide each province in two or more bankruptcy divisions, to give them a name and number, however this has not yet been done, except for the administration of the act by the official trustees."

I believe all trouble could be avoided, as well as the possibility of other judgments similar to that in the Boilly case, if the governor in council were to pass an order in council dividing the province of Quebec into twelve bankruptcy divisions.

Mr. JACOBS: That would get over the difficulty mentioned by the hon. member for Richelieu.

Mr. HACKETT: Yes. The order in council to which reference has been made was passed on August 25, 1923, and is in the following terms:

The minister, therefore, recommends that the bankruptcy districts of Nova Scotia, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta and British Columbia be divided, pursuant to the authority conferred by subsection 5 of section 64—

That was before the act was revised.

—of the Bankruptcy Act, for the purposes only of the administration therein of the said act by the official receivers. . . .

If another order in council were passed dividing the district into divisions for all purposes of the act I think everyone would be satisfied.

Mr. FACTOR: Is Ontario divided in that way?

Mr. HACKETT: In the same way.

Mr. JACOBS: How do you mean, in the same way; it has not been done in Quebec.

Mr. HACKETT: They are administering it in Ontario as though it had been subdivided only for the purposes of administration.

Mr. DUPUIS: Is it centralized in Ontario, as it is in Quebec?

Mr. HACKETT: Yes. Now, answering the question of the hon. member for Cartier, we find that there are twelve divisions in the province of Quebec. The first is Montreal, which includes the judicial districts of Montreal, Iberville, Richelieu, St. Hyacinthe, Terrebonne and Beauharnois. The second is Quebec, which includes the judicial districts of Quebec, Arthabaska, Montmagny and Beauce, including Anticosti. The third is the division of Rimouski, which is restricted to the judicial district of Rimouski. The fourth is Sherbrooke, which includes the districts of St. Francis and Bedford. The fifth is Three Rivers, which includes Three Rivers and Nicolet. The division of Hull includes Hull and Pontiac; Chicoutimi includes Chicoutimi and Saguenay; Joliette includes Joliette and Montcalm; Roberval includes only Roberval; Fraserville includes Kamouraska; New Carlisle includes Gaspe, and Amos includes Abitibi. So it will be seen that with the exception of the judicial districts which are in the immediate vicinity of Montreal and Quebec, almost every judicial district is a bankruptcy division. The locality of a debtor being in any such division, the debtor could not, once the suggested order in council had passed, be haled before the court of any other division.

Mr. JACOBS: Why should we not, by this legislation, restrict a debtor making an assignment in bankruptcy to the division in which his judicial district is located?

Mr. HACKETT: There are twenty-five judicial districts, I think, and it would mean that we would set up thirteen more courts, which would be a considerable expense. There would have to be thirteen more official receivers, thirteen more registrars and so on, involving a certain expense.

Mr. JACOBS: But the prothonotaries and court officials could act as registrars and other officers, as they do largely in Montreal. You would not have to set up any new machinery; the court house officials could function as bankruptcy officials.

Mr. GAGNON: I should like to add to the few remarks I made a moment ago. I have before me the judgment of the supreme court to which my hon. friend from Stanstead referred, and I think it would be well to ponder for a moment the facts of this case. A man from Roberval named Boilly received service of a petition in bankruptcy at Roberval, which is a superior court district and where a judge comes every month. Although that petition in bankruptcy was served on Boilly at Roberval, where the superior court sits as the bankruptcy court, the debtor was ordered to appear in Montreal, which is some five hundred miles from the district of Roberval. I observe from the few remarks referred to in that judgment that the majority of the creditors had their domicile or their place of business in the district of Roberval, although there were some large creditors living in Montreal. But the defendant, through his attorney, took exception and asked that the record from Montreal be sent back to Roberval where the debtor was living and where his assets were; and of course the superior court, the court of king's bench, and finally the supreme court, held that there was only one court of bankruptcy in the whole province of Quebec. In this regard Mr. Justice Rinfret says:

"Parliament authorized the Governor in Council to subdivide each province in two or more bankruptcy divisions, to give them a name and number, however this has not yet been done, except for the administration of the act by the official trustees."

This judgment was rendered in 1927, and the practice may have been altered since; but if it has not been altered then the judgment means that from 1927, although the order in council provides that there might be established more divisions of the court of bankruptcy throughout the province, there has been only one division. Therefore I think it is in the interests of the creditors themselves that the expenses in connection with the winding-up of estates be limited to the utmost. I contend that if a debtor were compelled to make assignment of his assets before the tribunal of his domicile, the cost of the assignment would be less exorbitant and therefore it would be in the interests of the creditors.

Mr. JACOBS: The cost of the assignment will be the same but the cost of travelling expenses will be very much higher. It is a question of the expenses incidental to travelling all these distances.

Mr. CARDIN: Travelling of whom?

Mr. JACOBS: The debtor.

Mr. GUTHRIE: He has his lawyer, and the mails are at his disposal. Then there is this safeguard, that the administration of the estate, if the judge thinks proper, will go back to his own locality.

Mr. GAGNON: In my view, the attorney general of the province of Quebec ought to present a demand to the Minister of Justice for the establishment of as many divisions in bankruptcy as there are divisions of the

superior court, and I am sure the Minister of Justice will have no objection to deferring to the wishes of the attorney general of the province.

Mr. GUTHRIE: But there is another way. We do not need to ask the attorney general to intervene in that respect because we have power now to do it by order in council. The order in council, which was passed in 1923, provided for twelve divisions, though as passed it was limited. That is what Mr. Justice Rinfret points out in his judgment; it is limited for the purposes only of the administration therein of the act by the official receiver. Now, if we amended that order in council or repealed it, and passed a new one, we have power to create just as many districts by order in council as we see fit, and if it is the sense of the committee that there should be a number of districts equal to the number of judicial districts in the province of Quebec, that can be done by order in council. There is, however, extra expense in that. We have now twelve districts and if it is proposed to increase the number to twenty-five, that, as I say, is a matter that can be done at any moment by order in council.

Mr. JACOBS: The registrar or whoever gets fees out of the estate—

Mr. GUTHRIE: I am not discussing the question of registrars, because I think the question of trustees is more important. If we have twelve districts properly established by order in council, we probably have enough; but if it is the sense of the house that the government should create more districts, it can be done by order in council. That order in council, however, is too limited according to the view of the supreme court, and for that reason they have held that practically there is only one district in the whole province.

Mr. DUPUIS: Will the effect of that order in council be to preclude the making af assignment in any other district? Will that be the result, since it is not amended by the act? In other words, will the order in council oblige the bankrupt to stay in the judicial district established thereunder?

Mr. CARDIN: No; that would create concurrent jurisdiction, that is all. In the district of Richelieu, for instance, it would give power to deal with the affairs of the insolvent debtor there, but that would not prevent a creditor in Montreal from forcing the debtor to go to that city. The jurisdiction will be there, but no one will take advantage of it if the matter rests in the hands of the creditors in Montreal and Quebec unless the law is amended to provide that all the affairs must be dealt with in the judicial district. There will be concurrent jurisdiction, but that will not prevent a man in one end of the province from compelling his debtor and the other creditors to go to the other end of the province. As I see it, that would offer no remedy.

Mr. HACKETT: It is not my desire to reiterate the argument I made this morning, but I would suggest to my hon. friend that he read the section of the law which provides that the petition must be presented to a court having jurisdiction in the locality of the debtor.

Mr. CARDIN: Yes, but the supreme court has declared that the locality is the whole province.

Mr. HACKETT: That is because of the defect, or, if we do not like that word, the restriction in the order in council. The moment a new order in council is passed, dividing the district into subdivisions, then the only court which will have jurisdiction is the court in the locality of the debtor.

Mr. JACOBS: That is the logical theory: the debtor should assign in the locality where he resides. That is the theory of the law.

Mr. HACKETT: Certainly; that is a rough statement of the law. Locality of the debtor is the place where he resides; where he carries on business, or where he has his property.

Mr. CARDIN: If it is the opinion of the chairman of the committee and also the sense of the hon. the Minister of Justice that it is so, why not make it clear? Instead of passing an order in council, which is always uncertain and can be changed every month or almost every day, why not declare in the law that this shall be the practice? Why not make that clear?

Mr. GUTHRIE: I do not like making exceptions for one particular province unless I have to do so.

Mr. CARDIN: One has been made already in regard to farmers.

Mr. GUTHRIE: I do not approve of making more exceptions than are absolutely necessary. I can assure my hon. friend that the limitation or deficiency in the order in council of 1923 will be corrected and that bankruptcy divisions will be set up in accordance with the real meaning of the act. Section 2 (y) will be made to apply in such a way that the locality of the debtor shall be construed to be that particular bankruptcy section wherein he resides or carries on his business, as is stated in the subsection.

Mr. LAPOINTE: Has any person or any associations or chamber of commerce raised any objection to what my hon. friend from Richelieu is asking? If no one objects to it, I do not see why it should not be done.

Mr. DUPUIS: I concur fully with the opinion expressed by the Minister of Justice (Mr. Guthrie) when he states that he does not like to make an exception in the case of one particular province. Although this matter is brought up on behalf of the province of my origin, I do not like it myself but still if it is good for the citizens of Quebec I do not see why it would not be equally good for the citizens of the other provinces.

Mr. GUTHRIE: Perhaps we had better take the opinion of the committee on this matter. I have no particular wish one way or the other on the subject but I think we should accept the report of the committee.

Amendment negatived.

Section agreed to.

Sections 19 to 27 inclusive agreed to.

On section 28—Abstract of receipts and disbursements.

Mr. GUTHRIE: I move that this section be amended by adding the words "the registrar" after the word "creditor" in the seventh line.

Amendment agreed to.

Section as amended agreed to.

On section 29—Remuneration of trustee.

Mr. MERCIER (St. Henri): In my opinion, the fees in these matters are too high. The cost of stamps and everything is too great and nothing remains in the estate. A lawyer may be representing three hundred creditors and when the proceedings have been completed, nothing is left for the creditors.

Mr. GUTHRIE: Experience has proven that the cost of the administration of these estates is far too high, and I am inclined to think that that applies to the province of Quebec more than it does to any other province, although complaints have been received from all over Canada. That is one of the objects we have in view in the appointment of a superintendent. The question of law stamps has been raised in many quarters but I think this matter depends upon the laws of the various provinces. One of the main objects of this revision is to see if it is not possible to reduce the cost of the administration of estates, and with that end in view limitations have been placed upon trustees and inspectors who will be subject to the supervision of the superintendent when he is appointed. I hope that this bill will work a saving for many of the estates.

Mr. MERCIER (St. Henri): The tariff is to be arranged by the department?

Mr. GUTHRIE: The tariff is to be framed by the department.

Mr. MERCIER (St. Henri): Will consideration be given to the views of merchants and manufacturers?

Mr. GUTHRIE: The department is to frame the tariff of costs and fees.

Mr. MERCIER (St. Henri): In order to obtain permission to sell goods or to move them from one warehouse to another, a fee of $5 must be paid.

Mr. HACKETT: If my hon. friend has the patience to read the evidence he will discover why this is so.

Mr. DUPUIS: Was the act amended for the better?

Mr. HACKETT: The trouble has arisen from the way the act has been interpreted.

Mr. DUPUIS: Restrict the interpretation.

Mr. CASGRAIN: The officials are taking advantage of the law.

Mr. MERCIER (St. Henri): The department will have a tariff and it will control them.

Section agreed to.

Sections 30 to 37 inclusive agreed to.

On section 38—Restricted creditors.

Mr. HEENAN: I should like to make a few remarks in connection with the preferential treatment of wages and salaries. While this matter may not come under this particular section, perhaps I may be permitted to discuss it at this time. As I read the bill, wages and salaries come fourth in preference and I understood the Minister of Justice (Mr. Guthrie) to say last year when this matter was under discussion that when the bill was amended he would give a more preferential position to wages and salaries.

Mr. GUTHRIE: The wages are in a fairly good position now unless the estate is hopelessly bankrupt. The first claim is for the costs and expenses of winding up. The second is the costs of the first execution creditor; in other words, paying the amount to get the sheriff out of possession. Then comes the third preference:

All wages, salaries, commissions or compensation of any clerk, servant, travelling salesman, labourer or workman in respect of services rendered to the bankrupt or assignor during three months before the date of the receiving order or assignment.

So the wage-earner practically comes first, after payment of costs, but only for three months' salary or wages. That is the extent of the preference.

Section agreed to.

Sections 39 to 42 inclusive agreed to.

On section 43—Levy to be paid to the receiver general.

Mr. GUTHRIE: I propose to re-word this section, and to insert the following instead of the proposed 126A:

"126a. Notwithstanding anything contained in sections one hundred and twenty-one to one hundred and twenty-six both inclusive, there shall be payable to the receiver general, for the purpose of defraying the expenses of the supervision by the superintendent, a levy on all payments made by the trustee, excepting the costs and expenses of the custodian, or interim receiver, and the fees and expenses of the trustee, and the costs of the garnishing, attaching, execution or judgment creditor mentioned in section one hundred and twenty-one, and excepting payments made on account of liabilities incurred after the receiving order or assignment. The payments subject to the said levy shall include all payments made by way of dividend or otherwise on account of the claims of creditors, whether ordinary, preferred or secured creditors, and including His Majesty in the right of the Dominion or of any province, claiming in respect of taxes or otherwise. Such levy shall be at a rate to be fixed by the governor in council from time to time and shall be charged proportionately against all such payments and deducted therefrom by the trustee before payment is made."

This levy is to be paid to the receiver general to take care of the cost of the administration of the act.

Mr. HACKETT: I move accordingly, Mr. Chairman.

Mr. ELLIOTT: Do I understand the minister to mean by the amendment which he has just read that a certain percentage of the assets realized upon shall after the payment of disbursements be paid to defray the cost of the administration of the act.

Mr. GUTHRIE: Yes.

Mr. ELLIOTT: I understand that the minister has in contemplation a rearrangement of the fees. Is that correct?

Mr. GUTHRIE: Yes.

Mr. ELLIOTT: I just want to add a word to what has already been said with regard to the costs in recent years being altogether out of proportion to the amount that has reached the creditors. The way it seems to have worked out has been this: There would be a meeting of creditors, inspectors would be appointed, and frequently the creditors would hear nothing more about the estate. I think the chairman of the committee will bear me out that specific cases were instanced before the committee where the costs approximated pretty nearly the whole estate. I do suggest to the minister, what I see he clearly has in mind already, that if the superintendent is going to serve the purpose which the committee hoped he would, there must be a strict supervision over the costs of administration of these particular estates.

Mr. HACKETT: They must all now be taxed. It is impossible as in the past to waive taxation.

Mr. ELLIOTT: It will mean, as I understand it, that there will be brought before the superintendent a statement of all the assets of the various estates after deducting the cost of administration. It will be interesting to see just what percentage of the assets that have been actually realized upon reach the creditors. I would suggest to the minister that that check-up should be kept from year to year so that we may be in a position to know just what percentage goes to the creditors. Last year it was suggested that the claims throughout the dominion amounted to something like $58,000,000, and that about $13,000,000—I cannot vouch for the accuracy of these figures—was the amount realized out of the assets of the various estates, and that approximately two-thirds of the assets went into costs. That is something that can be very materially improved, and I believe a close supervision over the percentage of assets it takes to pay the cost of administration will be of very great benefit in the administration of the act.

Mr. GUTHRIE: I can assure my hon. friend that he has put his finger upon the weak spot of the act as it has existed hitherto. The cost of administration was out of all proportion to the work done, and the results showed in only too many cases that the creditors got practically nothing through the mismanagement and the waste of the estates as well as by reason of the excessive costs that were charged. Now that the scale of costs is to be laid down by the department—not necessarily the Department of Justice because the superintendent is to be under the jurisdiction of the Finance department just as is the superintendent of insurance—the depart-

ment, having fixed the scale of costs will have a man there in the position of superintendent to see that that scale is not exceeded and that every cent of the estate is properly accounted for. I anticipate a vast improvement in the working out of this act in the future. If there is not I shall be very greatly disappointed.

Mr. JACOBS: We may succeed in abolishing bankruptcy altogether.

Mr. GUTHRIE: Well, you started it. I wish to correct an error I made in speaking earlier. I said, the amount of fee to be charged to the estate after the payment of preferred claims; it is before the payment of preferred claims.

Amendment agreed to.

Section as amended agreed to.

On section 44—When bankrupt or assignor is a corporation.

Mr. GAGNON: As the chairman is allowing a general discussion, perhaps I might say a word at this point. If we are to limit the cost of trustees, why should we not make provision to see that the costs of legal stamps to be paid to the crown are reduced? I am informed that in some districts, more particularly in the big cities, the registrar who is appointed by the government and sometimes by the chief justice receives in some cases a salary of more than ten thousand dollars. I see that subsection 6 of the old section 162 provides:

> The fees payable to the officers of the court shall belong to the crown in the right of the province, but the lieutenant governor in council may allow the same in whole or in part to such officers.

I do not know what conditions obtain in other provinces and other districts than the district of Quebec, but in the city of Quebec I think my hon. friend from Quebec East will agree with me that we have been a long time without knowing what was the proportion of the fees paid to the crown in Quebec or paid to the registrar of the bankruptcy courts. I used to go to the courts as solicitor for trustees, and at times was asked to pay $25 for legal stamps. No accounting was kept either by the registrar of the court in bankruptcy or the prothonotary of the court who sometimes assumed both positions, and when we asked for information from the department of the attorney general we could not get satisfaction. It is all very well to reflect upon the fees of lawyers and trustees, but I think the creditors when they give, say, $10 to their lawyers, have a right to know what proportion of the amount goes to the crown and what proportion remains in the hands of the lawyers. In the province of Quebec I have known creditors to criticize lawyers, and they would have been surprised to learn that out of the $25 they had paid, in some instances, $15 had gone to the crown. The Minister of Justice has intimated that very soon there will be a revision of the tariffs, and I think he or the superintendent of bankruptcy, who will be appointed to control the operation of the act, might see fit to take the necessary steps to limit the fees levied by the crown.

Mr. LAPOINTE: Quite true.

Section agreed to.

Sections 45 and 46 agreed to.

On section 47—Court may grant or refuse discharge.

Mr. MERCIER (St. Henri): Subsection 1 of section 142 of the act is hereby repealed. Sometimes a debtor is granted an absolute discharge, and nobody knows it. Sometimes we learn a man has been discharged, all cleared up, and is in a position to start again in business under no debt whatever. The proposed subsection reads in part as follows:

> (1) On the hearing of the application, the court shall take into consideration the report of the trustee, and the resolution of the inspectors, and may either grant or refuse an absolute order of discharge or suspend the operation of the order for a specified time.

Does this subsection mean that only the court and not the registrar can grant a discharge?

Mr. HACKETT: If my hon. friend will turn to section 25 of the bill he will find that the new section 57 provides that:

> The trustee of a bankrupt or assignor shall promptly after their receipt or preparation mail to the superintendent and to the Dominion statistician, Department of Trade and Commerce, Ottawa, a true copy of . . .

And among the documents which have to be forwarded are the following:

> (d) every order made by the court upon the application for discharge of any bankrupt or authorized assignor.

The term "court" has been interpreted by the courts to mean the judge or the registrar. Section 159 states specifically that a petition for a discharge, if it is not opposed, may be adjudicated upon by the registrar.

Mr. MERCIER (St. Henri): If it is not opposed, yes. Sometimes there is very little delay, the debtor gets his discharge and nobody knows about it.

Mr. GUTHRIE: There has to be fourteen days' notice.

Mr. MERCIER (St. Henri): I contend only the court should discharge, and it should not be left in the hands of the registrar. The discharge is the most important part of the Bankruptcy Act.

Mr. GUTHRIE: At the present time only the court can grant a discharge, the court being the judge. That obtains, of course, unless the matter is done by unanimous consent, a proceeding which is sometimes followed in this house. Where there is total agreement the registrar can perform the formal act of signing a discharge, but if there is any objection it can be done only by a judge. We have amended the section so that it can be done only on notice to the superintendent, too, so that he may have notice of the proceedings. If everything is not all right he may interfere.

Section agreed to.

On section 48—Single judges to be assigned to bankruptcy work by Chief Justice.

Mr. GIROUARD: I should like to ask the minister why jurisdiction cannot be exercised by all the judges of the superior court of the province of Quebec, instead of confining the powers of assignment to the Chief Justice of the Court of Appeal?

Mr. GUTHRIE: That was the original scheme. It seems in the province of Quebec as well as in the province of Ontario by arrangement between the judiciary and the local legislatures the heads of the courts are given authority to arrange court business, and to nominate such judges as they see fit to act in bankruptcy, in criminal matters or such other matters as come before the courts. The consequence is that the chief justice in the city of Montreal and the chief justice in the city of Quebec nominate a special judge to suit the convenience of the courts and the people, and the result is a uniformity of decisions in bankruptcy matters. That has been the custom ever since the act was first introduced.

Section agreed to.

Sections 49, to 51 inclusive agreed to.

On section 52—Order by court for prosecution on report of superintendent.

Mr. FACTOR: I am not here to condone the act of a debtor, but it seems to me strange that a representation can be made by a creditor or another interested person to a court, and that a court may commit for trial on that representation. That would seem to be a rabid departure from the ordinary procedure in a court of justice.

Mr. GUTHRIE: If a complaint is made to the superintendent and he comes to the conclusion that the complaint is well founded, then a prosecution can be instituted. It has always been open to anybody to launch a prosecution, if such person thinks the law has been broken. This provision however makes it a duty of the superintendent.

Mr. FACTOR: Quite so, but the Minister of Justice will find, if he reads the section, that any creditor may make a representation to a court to the effect that there is ground to believe that a person has been guilty of an offence under the act, and the court may commit for trial, without any necessity of the accused appearing before the court before committal. This section reads:

> Whenever the court is satisfied, upon the representation of the superintendent or any one on his behalf, or of the trustee, or of any creditor, inspector, or other interested person, that there is ground to believe that any person has been guilty of an offence under this act or under any statute, whether dominion or provincial, in connection with the estate of the debtor, his dealings or property, the court may order that such person be prosecuted for such offence or be committed for trial.

That seems to be a very rabid departure. It says here that a creditor may make representation to a court that he believes an offence has been committed, and that then the court may commit for trial without further formalities. I think the minister should look into that.

Mr. SULLIVAN: I think the words "or be committed for trial" should be stricken out.

Mr. FACTOR: I have no objection to a prosecution, if the court orders, but the addition of the words "or be committed for trial" in my opinion is unfair.

Mr. SULLIVAN: I submit they should be deleted.

Mr. GUTHRIE: It is a recommendation of a special committee of the Canadian Bar Association that the words "or be committed for trial" be included in the section. The reason is that in various parts of Canada it has been found that unless they can get the matter before the bankruptcy judge they cannot get anywhere; that all kinds of abuses have crept in and all kinds of offences have been overlooked, and that unless we clothe the judge with some power in the matter we are not going to serve the purpose which they have in view. Personally I am not wedded

to the words at all, but that is the reason why they are included there; that is, "the court may order that such person be prosecuted for such offence."

Mr. FACTOR: There is no objection to that. Surely that should be sufficient protection itself, but you add that the bankrupt, without being accused at that time, can be committed for trial. I submit that is going beyond what is necessary.

Mr. GUTHRIE: We know that under the criminal code there are a number of offences in which the attorney general can order committal for trial without going before a magistrate. But I have no objection to these five words being struck out. I think they are improperly put there.

Mr. JACOBS: The matter was under discussion before the committee, and I think the law as it now reads is to the effect that the bankruptcy judge tries the case; he sits as a judge.

Mr. GUTHRIE: That may be, but I do not think the person ought to be committed for trial without some preliminary investigation.

Mr. JACOBS: No. Then what happens if the party is committed for trial by a person having proper jurisdiction, a magistrate? The offender comes back before the bankruptcy court for trial.

Mr. GUTHRIE: Not necessarily; he comes before the ordinary courts of the country.

Mr. JACOBS: No. As I understand the bankruptcy judge must sit on the case.

Mr. GUTHRIE: Well, if it is the wish of the committee I think that the words in the last line of the subsection "or be committed for trial" should be deleted.

Mr. ELLIOTT: Where will that leave us, Mr. Chairman?—"the court may order that such person be prosecuted for such offence."

Mr. GUTHRIE: That is just as it was in the former act—"order that the debtor be prosecuted for such offence."

Mr. ELLIOTT: Does that mean more than that a preliminary hearing be held, and if in the opinion of whatever tribunal holds the preliminary hearing the offender should be committed, that he then be prosecuted? Or does it simply mean that he be prosecuted? I am afraid that the amendment is going to get the accused into a worse position than he was before. In the one case he may be prosecuted; if the suggested change is made he must be prosecuted, that is, he must be tried.

Mr. GUTHRIE: Yes.

Mr. ELLIOTT: That does not imply merely a preliminary hearing?

Mr. GUTHRIE: It implies that he would be prosecuted in the ordinary way provided by our law. But the objection I have to the other words is that you allow the bankruptcy court, without any investigation before any magistrate, merely on the representation of the superintendent to commit the man for trial. I think that is going pretty far.

Amendment agreed to.

Section as amended agreed to.

Section 53 agreed to.

On section 54—Administration.

Mr. GOBEIL: Before the bill is disposed of, Mr. Chairman, I desire to give to the farming communities of the province of Quebec a clear understanding of subsection (9) of section 6. I was called out of the house for a few minutes and while absent it was disposed of by the committee. Before this bill was submitted to the committee I had a motion on the order paper—as had also the member for Drummond-Arthabaska (Mr. Girouard)—that all persons engaged in tillage of the soil be exempt from the bankruptcy law. I put that motion on the order paper—and I have no doubt the hon. member for Drummond-Arthabaska did so for the same reason—because I had received several resolutions in its favour from farmers' clubs and other farmers' organizations. I think I can speak for every member of the committee when I say all political ideas were forgotten for the time being when this section came before the committee and only the welfare of the farming class was considered. Not one representation was made before the committee against the change made in the bankruptcy law by subsection (9) of section 6. Since then unfortunately more or less division seems to have arisen, even among farmers, with regard to this change, and I hold in my hand a couple of newspapers containing articles claiming that the remedy will be worse than the disease. Therefore I desire to make it plain that the committee inserted subsection (9) in response to what we considered was a unanimous demand made in the interests of the farming class of the province of Quebec.

Mr. LAPOINTE: Mr. Chairman, I wish to endorse what my hon. friend has said, and,

as a member of the committee, to speak in defence of this bill, which to-day has met some rather strong criticism. The bankruptcy law has never been very popular. From its inception the act has been criticized, especially in the province from which I come, but I think the criticism was not limited to Quebec. In 1923 when Sir Lomer Gouin was Minister of Justice he was instrumental in amending the act by inserting some special provisions to make it more in harmony with the civil law of the province of Quebec. Those amendments have to some extent alleviated the objections that existed against the law, but not completely. More particularly was there strong criticism of the farming community being subjected to the bankruptcy law. Of course, it has always been claimed that it was a privilege for the farmers, and even during this session when our committee was sitting members from the other provinces could not very well understand why the farmers of Quebec should ask to be removed from the operation of the act. They thought it was a privilege for the farmers to be able to get a discharge from their debts and start anew. But of course conditions among the farming communities in Quebec are not similar to those among the farmers in the other provinces, and it has been clearly demonstrated to the satisfaction even of my colleagues from the other provinces that the act instead of helping the farmers of Quebec has worked an injury to their credit. The farmers of Quebec do not borrow money from the banks or trust companies; they usually borrow from other farmers in their own village or their own parish. These loans are based on mutual confidence, and unfortunately the fact that many farmers were induced to make assignments has taken away some of the confidence that formerly prevailed in the farming communities, which has been rather prejudicial to the farmers in the course of their business operations. The Minister of Agriculture, the presidents of agricultural associations and many other persons have represented that it was better for the farmers of Quebec that they should be removed from the operation of the act, and in that respect the committee has been unanimous. If it were for that provision only, I think hon. members from the province of Quebec should welcome this bill, which is certainly a great improvement and which has been requested for many years.

The other part of the bill, which I have always favoured, is that establishing control. It could not be done otherwise than by having a superintendent of bankruptcy able to supervise the operations of the act. There is no doubt that there have been grave abuses; what has been said to-day by various hon. members shows the need for some control, which could not be maintained except by having a special officer of the government appointed for that purpose and by having the trustees who may be appointed to wind up estates licensed, so that there may be some control in that respect also. We have had many instances of abuses; people have employed agents to canvass the creditors in order to secure their proxies for the purpose of making some money out of the estate, which should go to the creditors. We must not forget, too, that after all assignments, whether voluntary or compulsory, are made on the principle, which is recognized by the law, that they are for the benefit of the creditors, and the creditors should be considered in providing proper machinery for the administration of the estate.

On the whole I agree with the Minister of Justice that this improved act should be given a trial. If there is the need for further amendment or revision this parliament will be able to deal with it.

Mr. GOBEIL: May I be allowed to add just a few words. My motion a few weeks ago called for salaried men as well as farmers to be exempted from the operations of the Bankruptcy Act. Personally I should like to have seen that provision included, but the committee felt that since no representation had been made by the salaried class it was inadvisable to take that step. I do believe, however, that there is no more reason why the salaried man should be permitted to make an assignment than there is for the farmer to be allowed to do so. I think it would have been more in the interests of the salaried men if they had been exempted from the privilege of making an assignment. Certainly when a merchant makes an advance to a salaried man he must consider the fact that the next day this man may go to some city and make an assignment of all his assets, if he has any.

I should like to see the exemption extended to all non-traders, which in my opinion would make the law much broader. I do not think it is proper that professional men, for instance, should have the right to make an assignment of their property. I do not think it is in accord with the dignity of the legal profession that lawyers should be allowed to assign all their assets. But, as I said a moment ago, the committee considered that since no representations had been made along

these lines, no action should be taken. As the ex-Minister of Justice has just said, if the law proves to be satisfactory so much the better, while if in the near future the necessity for these changes becomes apparent, perhaps these other classes of people might be exempted as well as the farmers.

Mr. BOULANGER: May I ask the government if they have considered the advisability of enlarging the principle established in section 6 by doing away entirely with voluntary assignments?

Mr. HACKETT: They have been done away with.

Mr. BOULANGER: I mean not only for the farmers but for everyone restricting the act only to petitions in bankruptcy.

Mr. HACKETT: That question did not come before the committee; no one was desirous of being denied the right to go into bankruptcy in a cheaper, more effective and more expeditious way.

Mr. BOULANGER: Then I wish to urge upon the government the study of this angle of the question. It means to me that the principle of voluntary assignments is wrong. The desirability of going into bankruptcy should not be left with the debtor; it should rest with his creditors. After all, at the moment of bankruptcy the creditors are the people most concerned in the estate of the debtor, and if you allow the debtor to make a voluntary assignment very often he takes advantage of that privilege in order to defraud his creditors and save what he can from the wreck. This has been done very often; it has come to the notice of lawyers in many cases. If the privilege of voluntary assignment was taken away you would do away with the bankruptcy canvassing racket which has been mentioned during this debate. It seems to me that the initiative should rest with the creditors, who are the people most concerned. At the moment of bankruptcy everything that belongs to the debtor is the common pledge of his creditors, and it should be left to them to say whether or not a particular trader should go into bankruptcy. The trader himself should not have the privilege of going alone, on his own initiative, and making an assignment to the trustee. Therefore I urge the study of this aspect of the question.

Section agreed to.

Sections 54 and 55 agreed to.

[Mr. Gobeil.]

On the title:

Mr. MERCIER (St. Henri): When will these amendments come into force?

Mr. GUTHRIE: Within a reasonable time, but in the meantime we propose to establish our tariffs of costs, and I will also look up the question of the districts in the various provinces. It may be that we will have to amend the order in council.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Experimental farms, $1,492,000.

Mr. HANSON (Skeena): Is it intended to provide experimental farms in northern and central British Columbia? The former Minister of Agriculture on two occasions went through that part of the country and said it was absolutely necessary, in order to assist the farmers there, to establish not one but two farms, and the Hon. Mr. Tolmie, who was Minister of Agriculture in the Conservative government, also said that provision in this regard was highly necessary. The Grand Trunk Pacific, now part of the Canadian National Railways, was responsible for the settlement in that district of a large number of farmers, and both before and after the completion of that railway farmers took up land there. They have no experimental farm in either northern or central British Columbia. The farms are in the south, where the soil and climate are totally different from what they are in the portion traversed by the Canadian National from Yellowhead pass to Prince Rupert. I should like to know whether the minister, if he has not yet made arrangements in this regard, intends to look into the matter. I can assure him that it is not a political issue, the necessity having been admitted by both the ex-Minister of Agriculture and his predecessor, the Hon. Mr. Tolmie.

Hon. ROBERT WEIR (Minister of Agriculture): I shall be glad to give the matter consideration.

Mr. LAPOINTE: On my last trip to Quebec city I came across some farmers from the adjacent district, and there is a rumour to the effect that the operations of the experimental farm at Cap Rouge are to be considerably

curtailed. There is much anxiety over this and I should like to know whether there is any truth in the report. Is the minister considering at all a reduction in the activities of that experimental farm?

Mr. WEIR (Melfort): The hon. member is correct. We have cut the appropriation for the experimental farm at Cap Rouge considerably this year, and as a result have curtailed activities there to quite a large extent.

Mr. VALLANCE: I wish to ask two questions, the first of which I should probably have raised in connection with the last item under discussion. This morning I received information that prompts me to ask that question now. I have reference to the discontinuance of the testing of dairy cows in Manitoba—not the tuberculosis test but the milk test as it is known there. Does the department intend to cut out that testing?

Mr. WEIR (Melfort): No; there is no intention of cutting it out.

Mr. VALLANCE: In connection with the present item, No. 45, I notice that there is a reduction of $833,000. Last year the minister was kind enough to bring under this item forestry farms that would otherwise have been discontinued. My question is this. In view of this reduction of $833,000, is it still the intention of the department to carry on these forestry farms?

Mr. WEIR (Melfort): Yes.

Mr. LAPOINTE: The experimental farm at Cap Rouge is the large farm in the province of Quebec, and I am anxious to know to what exent its activities are to be curtailed.

Mr. WEIR (Melfort): The chief work that has been done at that farm has been carried on, I believe, in connection with the development of French Canadian cattle. That will be continued. The poultry work will also be continued, and that was one of the outstanding pieces of work done on the farm. In conjunction with the farm at Cap Rouge there is a horse farm at St. Joachim, and that is being continued.

Mr. LAPOINTE: What is the amount of the reduction in Cap Rouge?

Mr. WEIR (Melfort): The reduction is from $50,000 to $11,000.

Mr. CASGRAIN: Is there any reduction in the activities of the remount depot at St. Joachim?

Mr. WEIR (Melfort): No reduction.

Mr. CASGRAIN: It is going on as before?

Mr. WEIR (Melfort): Yes.

Mr. VALLANCE: In view of this large reduction of $833,000 in this one vote alone, I suggest that this might be an opportune time for the minister to give a brief outline showing where he proposes to make economies, under this item, in the administration of experimental farms.

Mr. WEIR (Melfort): The reductions are distributed as follows:

Central farm, $106,402.
Illustration stations, $17,555.
Branch farms and stations, $312,247.
Importation of live stock, $35,000.
Buildings, Central farm, $51,471.
Buildings, branch farms, $68,525.
Buildings, pathological laboratories, $8,750.
Soil surveys, $30,000.
New farms, $138,950.
Printing, $64,000.

Mr. CASGRAIN: I am surprised at the step taken by the government in reducing the activities at the farm at Cap Rouge, which is the principal farm in the district of Quebec. I am not satisfied with the explanation offered by the minister as to why this vote should be reduced and the activities of the farm curtailed. This is a very important experimental farm, all the farmers on the north shore from Three Rivers down to even my county receiving the benefit of its activities. The farmers in the counties of Quebec, Montmorency, Saguenay and many other districts are interested in this farm. I am surprised that the hon. member for Quebec-Montmorency (Mr. Dorion), in whose constituency the farm is located, is not present in the committee. I should like to know if his consent was asked in connection with the curtailment of the activities of this farm. We are being told that everything must be done to help our farming communities and develop agriculture, but this cannot be done by curtailing the activities of our experimental farms. Unless a more satisfactory explanation is given by the minister, I must protest most strongly against the reduction in this vote. I think I am safe in saying that all members from the adjoining districts will join me in this protest, because this is a very important matter to the districts concerned. I ask the minister for a detailed explanation of the curtailment of the activities at this farm and why such a step is considered necessary when agriculture is so much in need of assistance and when the past activities of this particular farm have proven to be so beneficial to the farmers.

Mr. GOBEIL: Mr. Chairman, before the minister makes his reply I should like to say that I disagree absolutely with the opinion

expressed by the hon. member for Charlevoix-Saguenay. I have been at the experimental farm at Cap Rouge several times and it is my opinion that this farm is not correctly located. The soil on the farm does not represent the average soil of the outlying districts. This farm has a particular soil and the experiments carried on do not give the proper information to the farmers of the surrounding districts.

Mr. BOUCHARD: I wonder if the hon. member for Compton could tell the committee the average of the soil in the district surrounding this farm. It is a most unfortunate thing that the activities of this farm have been reduced so greatly. If these farms are to carry on experiments, perhaps one of the first they should undertake is to find out how many hon. members of this committee owe their seats to agriculture. After making other surveys, perhaps they could endeavour to find out how many hon. members on the Conservative side owe their seats to the promises made to agriculture. To hear the hon. member for Compton state that we have too many experimental farms and pretending—

Mr. GOBEIL: I did not state that.

Mr. BOUCHARD: I would rather hear the minister give an explanation in order that we might discuss this question at greater length.

Mr. WEIR (Melfort): The purpose of experimental farms is to attack and attempt a solution of agricultural problems. When such solution or information in connection therewith has been obtained, the endeavour has been to put that information before the farmers of the district by means of either publications or illustration stations. We are endeavouring to eliminate what wastage we can without doing injury to agriculture in any province. We are cooperating with the provincial departments of agriculture in attacking the problems which are retarding agriculture. Any of the activities eliminated at the experimental farm at Cap Rouge will be conducted either at Ste. Anne de la Pocatiere, Lennoxville or other experimental farms in Quebec. Before any further experimental farms are established we intend to have a definite agreement with the provincial departments of agriculture as to what their policy is in the particular locality where it is contended a farm should be established. At Cap Rouge a certain amount of field husbandry will be eliminated but this work will be dealt with just as well at Ste. Anne de la Pocatiere. When I stated that there was some $11,000 for Cap Rouge I omitted to mention that there is an additional six or seven thousand dollars in the supplementary estimates.

[Mr. Gobeil.]

Mr. CASGRAIN: What are the activities to be curtailed at that farm?

Mr. WEIR (Melfort): Cereals, forage crops, some field husbandry and horticulture.

Mr. CASGRAIN: When was the farm established?

Mr. WEIR (Melfort): I believe in 1909.

Mr. CASGRAIN: It has been in continuous operation up to the present time?

Mr. LUCAS: After the transfer of the natural resources to the three western provinces there was a reorganization in the Department of the Interior. I understand that that department formerly carried on the tree nurseries at Indian Head and Sutherland. It is my understanding that after the reorganization these nurseries were transferred to the Department of Agriculture. I should like to know if this vote will cover the maintenance of these nurseries.

Mr. WEIR (Melfort): Yes.

Mr. LUCAS: Is sufficient money being provided this year to carry on the work, or is there a reduction?

Mr. WEIR (Melfort): There is a reduction, but sufficient money is being provided, we believe, to carry on the work satisfactorily.

Mr. LUCAS: Is it the intention of the department to extend this work to the other provinces? Some time ago a survey was made and it was stated that the government intended to extend this work and establish another farm in the province of Alberta. I believe that this is very important work. I noticed in the press a short time ago that Mr. T. C. Mann, consulting engineer for the Saskatchewan drought commission, speaking at Winnipeg, is reported as saying that in order to conserve moisture and end crop failures he would recommend planting at least one mile of good hedge on every quarter section of land and set out areas to young trees. He would also stop the draining of lakes and sloughs. I think everyone recognizes that it is very important to encourage tree planting as much as possible, to prevent in every possible way the drifting of the soil which has been taking place in the west for a number of years, and I trust that the minister will see that this branch is not neglected.

Mr. CASGRAIN: The minister in his remarks mentioned that some of the activities that were being carried on at Cap Rouge are being transferred to Ste. Anne de la Pocatiere, and other activities are being transferred to Lennoxville.

Mr. WEIR (Melfort): Not transferred. They are being carried on now at Ste. Anne de la Pocatiere and also at Lennoxville.

Mr. CASGRAIN: I have not so very much objection to some of the activities being carried on at Cap Rouge and some that are being carried on at Ste. Anne de la Pocatiere, but on the other hand I would point out that Cap Rouge is easier of access, and this change is taking away from the farmers of the district nearest to the city of Quebec the advantages which they enjoyed in the past. I also protest vigorously against part of these activities being transferred to the experimental farm at Lennoxville in the district of Sherbrooke. I would not object so much if this change was being made to serve a new district, but it is going to serve the whole of the eastern townships. We know that the eastern townships at the last election returned mostly supporters of the government of the day, and I suppose that this is one of the plums which the administration is handing over to the eastern townships for the support then given them. But I would point out, Mr. Chairman, that it is to the great disadvantage of the people of the district of Quebec and the people I have the honour to represent in this house. For these reasons I emphatically and strongly protest against the transfer of the activities that were being carried on at that farm to a farm in another district which is much more difficult of access to all the villages in the district of Quebec and on the north shore of the St. Lawrence. While I do not object to this change inuring to the benefit of the people of the eastern townships, I say it is not fair that the activities of this farm, which has been maintained in operation from 1909 until today, under two or three different administrations should be curtailed. My hon. friend from Compton has mentioned the fact that the soil was not suitable. If that is so, the officials of the department who year after year have been advising the minister of agriculture in different governments ought to be criticized because it took them such a long time to find out that the soil was not suitable for experiments. As I say, these activities have been carried on there since 1909 and there was no question at all of changing to any other district. Therefore I think I must be right in saying that this change is a reward which the government is giving to the eastern townships for the support which it gave the administration in the last election. The government is taking away from the district which I have the honour to represent the advantages which the farmers there received from the activities of this farm and is handing them over to friends of hon. gentlemen opposite.

Mr. WEIR (Melfort): In reply to what the hon. gentleman has stated, there are no activities being transferred. The work is now being done and has been done at the two experimental farms at Ste. Anne de la Pocatiere and Lennoxville. So far as the political significance which the hon. gentleman tried to hitch on to this matter is concerned, that is pretty well answered by the fact that the farm where the cut has been made is situated in the constituency of the Solicitor General, so we cannot very well be accused of any political activity in making this cut. The criticism that was made was not so much with reference to the unsuitability of the soil, as that the soil was not typical of any great area. In addition there is a provincial farm just about twenty-five miles away from this farm at Cap Rouge, and the results of any experiments carried out at Ste. Anne de la Pocatiere or at Lennoxville can be demonstrated at Cap Rouge, where there is still remaining the superintendent and the technical adviser to explain any experiments for the benefit of farmers who visit the farm.

Mr. GAGNON: In view of the fact that the experimental farm at Cap Rouge is situated in the constituency of my friend the Solicitor General I should like to say a few words. I am rather surprised that the hon. member for Charlevoix-Saguenay is protesting on account of the fact that there will be greater activity at the experimental farm at Ste. Anne de la Pocatiere. I understand that the county of Charlevoix is exactly opposite the county of Kamouraska, and it is easier for the people around St. Irenee or Murray Bay to go to Ste. Anne de la Pocatiere, some nine miles away, than to go to Cap Rouge.

Mr. CASGRAIN: Yes, if you would put on a ferry boat.

Mr. GAGNON: I know that my hon. friend, who is an excellent lawyer, is pleading the case which the former Minister of Justice handed over to him just before he left the chamber. I wish to say on behalf of the electors of Quebec West, who are represented in this house by my friend the Solicitor General, that I have seen the Minister of

Agriculture and begged him not to curtail too much the activities of that farm, but the Minister of Agriculture pointed out to me, and with justice, that the province of Quebec has always been fairly treated in the matter of experimental farms, that there are five in the province now, and that no other province has been more generously treated. The minister has also been good enough to assure me that the number of experimental farms in the province of Quebec will not be curtailed. I am not an expert in agriculture, but I can quite understand that it might be advisable to transfer activities from one district to another that was more suitable for the purpose. At all events, I do not think we ought to raise any party prejudice in connection with this matter, and we should not try to make the people of the province of Quebec feel that they are being discriminated against. Personally, although I am not an expert, I think that the soil in the county of Kamouraska and in the district of Lac St. John and Chicoutimi is much more suitable than the soil at Cap Rouge. For these reasons I believe that the Minister of Agriculture is doing no injustice to the province of Quebec.

Mr. CASGRAIN: My hon. friend would be right in his contention that it is easier for the people of my county to get access to the farm at Ste. Anne de la Pocatiere if there were in existence to-day the same communications that were maintained in years past by the Canada Steamship Lines and also by the ferry from Riviere Ouelle to Murray Bay. But those two services have been discontinued, and the farmer in that district who wishes to go from Murray Bay to Ste. Anne de la Pocatiere will now have to go a long way around. He will have to go down as far as Tadoussac and take the ferry boat, a distance of over twenty miles, cross the river St. Lawrence or else take the train on the Quebec and Saguenay railway, go up to Quebec and then cross over the river and go the whole way round on the south shore of the St. Lawrence before he reaches Ste. Anne de la Pocatiere—or as an hon. gentleman suggests, swim across, because there is no ferry boat service. With the farm at Cap Rouge, and the activities all being carried on there as they were in the past, it would be much more convenient and easier of access and to the greatest advantage of the people of that district of Quebec.

Mr. VALLANCE: When I asked the minister how the $833,000 was made up he gave his answer rather hurriedly, and I was not able to take down the figures. I noticed however there was a considerable cut for illustration stations. I should like to ask the Prime Minister, in view of a press report I saw some time ago to the effect that the government had bought and taken over the Seager Wheeler farm at Rosthern, what price was paid, and also whether it is going to be operated by the same help as is operating the experimental farm at Rosthern to-day. Will the same superintendent be in charge?

Mr. WEIR (Melfort): With reference to the Seager Wheeler farm, I would say that we have not paid anything for it, we have not bought it or we have not rented it. We have however established the position of experimental substation superintendent for Doctor Seager Wheeler. He will operate the farm as he has done in the past, continuing to carry out the experiments in which he has engaged so successfully. He has experimented not only in connection with grains and grasses, but also with fruits. At great sacrifice of his own time he has been an inspiration to many farmers and has been most unselfish in his advice to them. We felt no better investment could be made than to pay Seager Wheeler $2,220 per year as superintendent of a sub-experimental station to assist him, now when he is getting up in years, to hire the necessary labour, so that he may have more time at his disposal to advise and assist the farmers in their experiments.

Mr. VALLANCE: Outside of the gratuity given to Seager Wheeler by the government, he bears all the expense of the operation of the farm? He pays the taxes, and other expenses?

Mr. WEIR (Melfort): Yes.

Mr. HOWARD: As the experimental farm at Lennoxville is in my county, I should like to know the curtailment of the grant in connection with it.

Mr. WEIR (Melfort): The total reduction on the Lennoxville farm is $9,335, or 18 per cent.

Mr. HOWARD: What branches of work are to be curtailed?

Mr. WEIR (Melfort): The salary reduction takes care of part of the decrease. So far as actual experimental activities are concerned, there will be no curtailment. We have decided it is not advisable in connection with the Lennoxville and various other experimental farms to try to carry on special breeding or genetical work with more than one breed of cows or other animals. In that way

we are saving considerable money by moving animals from one farm to another, and eliminating duplication.

Mr. CASGRAIN: I should like to ask if the same staff which was in charge 1930, at St. Joachim is still the same, or has there been any change since that time?

Mr. WEIR (Melfort): The same staff is there. It is under the supervision of the superintendent at Cap Rouge.

Mr. SPEAKMAN: I should like to ask the minister a question with respect to the farm at Lacombe, Alberta. How much was spent last year and what will be spent this year? Although the farm is not in my riding, being in the constituency of Wetaskiwin, it is near my home, and I have made many pilgrimages to the place and have taken a good deal of interest in it. I have always felt they were doing all they possibly could with the money at their disposal. In what way could expenditures be curtailed on that farm without reducing the service they are giving?

Mr. WEIR (Melfort): In the year 1931-32 there was expended $50,984; the estimate for this year is $42,500, or a reduction of $8,484. Some of this reduction is because of the reduced salaries, and a further reduction is made by a change of policy in regard to live stock on the farm. That is, we are reducing our stock to certain breeds of one type. Prior to this year a farm was rented in conjunction with the work at Lacombe. The farm has been sold and for that reason we have found it necessary to a certain extent to curtail the work.

Mr. SPEAKMAN: If the farm is sold there is no possibility of its being purchased by the government to form part of the experimental station?

Mr. WEIR (Melfort): No.

Mr. CASGRAIN: Can the minister tell us the locations of the five farms mentioned by the hon. member for Dorchester? I know of the ones at Ste. Anne de la Pocatiere, Lennoxville, and Cap Rouge, I do not know where the others are situated.

Mr. WEIR (Melfort): Farnham and L'Assomption.

Mr. CASGRAIN: When were those farms established?

Mr. WEIR (Melfort): Farnham in 1922 and L'Assomption in 1927.

Mr. CASGRAIN: When were the other farms established?

Mr. WEIR (Melfort): Ste. Anne de la Pocatiere in 1911, La Ferme in 1916 and Lennoxville in 1912.

Mr. CASGRAIN: What activities are carried on at Farnham and L'Assomption?

Mr. WEIR (Melfort): Tobacco growing.

Mr. CASGRAIN: The other farms are used for general mixed farming?

Mr. WEIR (Melfort): Yes.

Mr. CASGRAIN: Were there any other farms established under the new administration?

Mr. WEIR (Melfort): No, not in the province of Quebec.

Mr. CASGRAIN: Is it the intention of the government to establish any new farms, other than those at present in existence?

Mr. WEIR (Melfort): The intention of the government will be made known when any new farms are established.

Mr. MARCIL: Have demonstration plots in the province of Quebec been reduced?

Mr. WEIR (Melfort): There is a reduction of seven.

Mr. MARCIL: Throughout the whole province?

Mr. WEIR (Melfort): Yes.

Mr. BOUCHARD: Is it true that the sixth farm mentioned by the hon. member for Dorchester, namely that at La Ferme, was closed?

Mr. WEIR (Melfort): Activities have been curtailed to a certain extent because the department did not feel the farm was well situated. It was in a low lying place, and the soil was not typical of the surrounding country.

Mr. BOUCHARD: Does the minister realize that in new districts, such as La Ferme, farms are very necessary? It would be most unfortunate if this farm was closed. These days we are hearing a great deal of talk about a back to the farm movement, and most of the talking is done, of course, by those who know nothing about farming. The first back to the land movement was initiated during the last election campaign. But since the members who were elected with this flag have resumed their ordinary urban occupations, they do not care any more about the back to the land movement. There is no minister for whom I have greater sympathy than the Minister of Agriculture, because he entered on the ad-

ministration of his department burdened by the many great promises made by his chief, and in his endeavour to redeem those promises I fully realize he may well be called the busy bee of the ministry, for I know he is overworking himself. But not only has he many great promises to redeem, he is further handicapped by his estimates being reduced one-third. I am sure he will agree with me that what is most needed to-day is not a back to the land movement, but a colonization movement. Colonization presents many difficult problems that the ordinary farmer is unable to solve, and I hope the minister will take into consideration the establishment of a new farm to be devoted especially to the solution of colonization problems, especially in the province of Quebec.

Mr. HOWARD: Mr. Chairman, before this item is passed I thank the minister for not having curtailed his appropriation for the Lennoxville experimental farm. I also want to thank him and the officers of his department for the cooperation they have given, through the farm at Lennoxville—the finest experimental farm in all Canada—to the whole farming section of the eastern townships. But I do offer this criticism. If there is one thing that can help us back to prosperity it is to increase the purchasing power of the agricultural classes. When I consider the curtailment of the minister's estimates I realize he has had a very hard job in retaining them even at their present figure, but I think he should put up a still harder fight. There is no excuse whatever for cutting the agricultural estimates by over $3,200,000 odd. I do not criticize the curtailment of the appropriations for certain branches in connection with the different experimental farms, but we should at least maintain the estimates for agriculture at their last year's figure, without of course undertaking new buildings and similar expenditures. I follow very closely the work at the Lennoxville experimental farm, and no doubt the committee will be interested to learn that last year, on Farmers' day, 1,500 farmers from all over the eastern townships attended a picnic at the farm. That is the largest meeting of agriculturists that has ever been held in any section of the eastern townships. It was not a political gathering; the farmers present were trying to better, if not increase, agricultural production. I repeat, the only criticism I have to offer is that the minister should not have reduced his estimates at all, but should have maintained them at least up to the standard of last year.

[Mr. Bouchard.]

Mr. WEIR (Melfort): Mr. Chairman, as I am responsible for the estimates in my department, I was confronted with this question: Could we in view of present conditions, or even if these conditions did not exist, make any cut in the agriculture estimates without affecting detrimentally our agricultural interests? Personally I think that this cut will have practically no effect at all so far as efficiency in the department goes.

Mr. VALLANCE: Has the minister an itemized account showing the reductions that he proposes to make in the expenditures on the various experimental farms? I notice my hon. friend from Sherbrooke (Mr. Howard) thanked the minister for the kind manner in which he had treated the Lennoxville experimental farm. Naturally I am interested in our experimental farms, because I have one right in the middle of my own constituency. I should like to know to what extent the minister proposes to cut down that appropriation.

Mr. BOYES: While we are not discussing the item of dairying at the moment, Mr. Chairman, yet we are dealing with the agriculture estimates. Therefore I wish to pay tribute to a gentleman who has been in the service of the government for a period of over forty years, and as he comes from the vicinity of my home I thought possibly it would be fitting on my part to give the committee a short account of his career. I refer to Doctor J. A. Ruddick, Dominion dairy commissioner.

He was born near Dorchester in Oxford county, Ontario, in 1862. As a young man he learned to make cheese and was engaged as a cheesemaker by the late D. M. MacPherson of Lancaster, Ontario, who owned and operated some sixty cheese factories located in eastern Ontario and Quebec. After one year in charge of a factory Mr. Ruddick was engaged as superintendent of the combination.

Following the appointment in 1890 of the late James W. Robertson as Dominion dairy commissioner, Mr. Ruddick was in the spring of 1891 appointed to the dairy commissioner's staff and this was the first appointment to the staff. Mr. Ruddick as a member of the staff of the dairy commissioner carried on experimental work in the use of the Babcock milk test as a basis of division of factory proceeds, operated winter creameries in eastern and western Ontario for demonstration purposes, and in 1892 supervised the manufacture of the mammoth cheese for the world's fair, which cheese weighed eleven tons. He assisted in the organization and management of

creameries in the Northwest Territories and later became superintendent of the Eastern Dairy School, Kingston, Ontario. About 1898 he entered the service of the New Zealand government as first director of dairying in that dominion and remained in New Zealand for about eighteen months. He returned to Canada about 1900 and again joined the staff of the Dominion dairy commissioner. In 1900 he organized the work of cargo inspection at Montreal, which service is designed to ensure proper handling of perishable produce intended for export. In 1902 under the direction of Mr. Ruddick central cool cheese curing rooms were established at Woodstock, Brockville, Cowansville and St. Hyacinthe for the purpose of demonstrating the benefits to be derived from the proper curing of cheese. During the latter part of 1904 James W. Robertson resigned as dairy commissioner and Mr. Ruddick was made Dominion dairy commissioner. During the great war he acted as a member of the cheese commission, set up to purchase and export Canada's surplus cheese. In 1918 the name of this commission was changed to the Dairy Produce Commission and it handled surplus butter and condensed milk as well as cheese. In 1921 the milk utilization service of the dairy and cold storage branch was organized. This service is designed to promote the domestic consumption of milk and milk products. In 1923 the grading by federal officers of butter and cheese for export became compulsory and the grading service was organized under Mr. Ruddick's direction. The same year the division of dairy research was established, the object of which is to determine causes of defects in cheese and butter and to suggest remedies.

In 1924, Mr. Ruddick was given the honorary degree of LL.D. by Queen's university of Kingston, Ontario.

I regret very much that Doctor Ruddick has arrived at the age of seventy years when he is supposed to retire from his duties. I am sure the Dominion of Canada will lose the services of an honourable, faithful and efficient servant in the person of Doctor Ruddick.

Mr. BRADETTE: What is the amount of the reduction, if any, in connection with the Kapuskasing experimental farm?

Mr. WEIR (Melfort): First, in reply to my hon. friend from South Battleford, so that he will not worry unduly, the vote last year was $46,145 for the experimental farm about which he asked. The vote this year is $40,000, so the reduction amounts to $6,145, the greater part of which is a salary reduction. With reference to Kapuskasing, last year the vote was $48,045; this year the estimate is $41,000, a reduction of $7,045.

Mr. BRADETTE: What activities will be particularly curtailed?

Mr. WEIR (Melfort): The chief reduction is in salaries. Land improvement work will be curtailed and there will be some reduction in the live stock division.

Mr. BRADETTE: I really believe the land improvement work could be dropped for the time being, but I want to protest as strongly as possible against any curtailment of work in connection with live stock. We in northern Ontario hear on many occasions of the wonderful things that are being done for the western farmers. We do not begrudge them anything, but northern Ontario is a new and rich agricultural section of the country. It is in what we call a clay belt, and instead of being curtailed the live stock activities should be increased for the very good reason that many of our farmers cannot afford to go to southern Ontario, Quebec, or the western provinces for the stock they require. I think the full activity of this branch should be maintained. I speak feelingly on this matter, because while I was on the government side of the house I asked every year for an increase in the amount voted for the Kapuskasing experimental farm, and I was to some extent successful. I think this is not the right time to curtail the amount spent in that way. I fully realize the situation in which the minister now finds himself, but I hope he will be able at least to maintain the live stock activities carried on at the Kapuskasing experimental farm. I do not want to say more on this subject, because I have spoken on the matter previously.

There is another question I should like to ask the minister, and in this connection I should like to give all credit to the province of Ontario. Last fall they threatened to close the Hearst demonstration farm, but we are glad to learn that they are not going to do so. I understand, however, that the federal government has built a dwelling house at Kapuskasing for the superintendent of the Hearst demonstration farm. We know that this gentleman, who is exceptionally well qualified for his work, should live in the town of Hearst, and the settlers of that district do not want to see the head of that demonstration farm moved to Kapuskasing. Experimental farms come under the jurisdiction of the federal government, while demonstration farms come under provincial jurisdiction. It has been brought to my notice

that a certain amount of money has been spent by this government for the construction of a house for the superintendent of the Hearst demonstration farm, and I should like to know from the minister if that information is correct.

Mr. WEIR (Melfort): I may tell my hon. friend that the reduction is in the number of cattle. We decided, for the very reason the hon. gentleman has in mind, that we must give all the assistance possible in these new areas, but we felt that we would do more in that way by disposing of the grade cattle and increasing the number of pure bred cattle so there would be more seed stock available in that new country. With regard to the closing of the Hearst demonstration farm, which is a provincial farm, as I stated at the outset this action was taken in accordance with the policy of cooperation between the federal department of agriculture and the provincial department. It was felt that the money expended on the Hearst farm could be better used in further assistance to farmers in northern Ontario and that the work could be well carried on, as far as attacking agricultural problems was concerned, at the Kapuskasing farm. I did not catch the last question of the hon. member.

Mr. BRADETTE: I have received a number of letters to the effect that the federal government spent a certain amount of money in the construction of a dwelling house for Mr. Hanlan, a friend of mine of the north country, the superintendent of the Hearst demonstration farm. The people in Hearst, who expected the demonstration farm to be maintained, believed Mr. Hanlan should remain in Hearst so that there might not be any conflict between the activities of the two governments. It will be hard to explain why a provincial official should come under federal jurisdiction, and why his activities should be curtailed to a certain extent.

Mr. WEIR (Melfort): His activities will not be curtailed. It was felt that it would be better for him to live on the farm where the experiments were being conducted, so a cottage was built at a cost of about $3,100. So long as he makes that cottage his headquarters my understanding is that he will continue to occupy it.

Mr. BRADETTE: We were under the impression that the Hearst demonstration farm was to be maintained by the provincial government. The statement appeared in the press that activities at that farm were not to be curtailed, and if that is to be the case it seems strange that the superintendent should reside at the Kapuskasing farm.

Mr. WEIR (Melfort): The Hearst farm is a provincial farm, but in conference we agreed that it would cut out waste, without removing any great benefit from agriculture, if the provincial government should close that farm and have that money available for other purposes. It was agreed that Mr. Hanlan, who is now residing on the Kapuskasing farm, should make that his headquarters.

Mr. BRADETTE: Then I understand that by arrangement between the two governments the demonstration farm has been closed. I think that is a bad move, because I maintain that the provincial government should have continued to operate the demonstration farm at Hearst. In northern Ontario we need to have all the agricultural experiments that we can get the benefit of, and the activities carried on at the Hearst demonstration farm were doing a great deal of good. This farm is at least seventy-five miles from the Kapuskasing farm, and it dealt with matters that were not taken up at Kapuskasing. If it is at all possible I think the federal authorities should tell the provincial authorities that the Hearst farm should be maintained and that Mr. Hanlan, a very able agriculturist, should be sent back to Hearst. He might extend his activities to Kapuskasing or other portions of northern Ontario if possible, but he should be located at Hearst, and I hope the minister will use his influence to bring about that result. The province of Ontario should be able to maintain that farm without asking the help of the federal government, or at least without discontinuing its needed services at Hearst.

Mr. WEIR (Melfort): I gather that the Hearst farm is in the constituency represented by the hon. member. There is no gain, so far as experimental work goes, in having a farm at Hearst, because soil and other conditions are almost identical at Kapuskasing. With regard to the Ontario department of agriculture, we have spent a great deal of time in bringing about cooperation in attacking agricultural problems of an experimental or research nature, and it was agreed after full consideration that there was no advantage in operating the two farms.

Mr. BRADETTE: I want to thank the minister for his explanation. He said something about the experimental farm at La Ferme, pointing out that the soil was not of such a quality as warranted the continuation

of great activities there. I happen to know something about the constituency so well represented by the hon. member for Pontiac. The statement that the soil is low is not quite right; it is fairly high and fairly hilly. Has the minister in mind some other site for an experimental farm in northern Quebec? This is important. Although I do not belong to the province of Quebec, I am interested in the northern section of Canada and its agricultural development, and I am fully convinced, from the series of experiments we have carried out at Kapuskasing and La Ferme, that the possibility has been demonstrated of extensive colonization in that district. Does the department intend to choose another site? I said that the land was not altogether low; it is not typical of the clay belt, but it also has some good farming features. Did the minister have in view another site on which enormous sums would be spent before it could become an experimental farm? I thought it would be wise to maintain activities for a few years instead of curtailing them on that farm.

Mr. REID: Is it the policy of the experimental farms to sell their surplus products?

Mr. WEIR (Melfort): Yes.

Mr. REID: This being so, I wish to lodge a complaint with the minister on behalf of the honey producers of British Columbia. In their search for a market they were told by the wholesalers that they would have to accept 2 cents less per pound owing to the fact that the experimental farm had sold honey at a lower price. If we have surplus products from our experimental farms, surely the penitentiaries and other government institutions could take them. It is very unfair to our producers in British Columbia for them to have to compete with the experimental farms. We have to meet competition from the rest of the world, particularly from the east, and our situation is aggravated when the honey producers have to compete with an experimental farm that has the dominion behind it. I hope the minister will take this matter into serious consideration and in future prohibit such competition in the open market with our producers.

Mr. WEIR (Melfort): No doubt the instance cited by the hon. gentleman is correct. It certainly is not the policy of the farms to compete with private producers by underselling them. My information is that they sell to the wholesalers at prevailing prices, and as a matter of fact we have had a good deal of criticism by reason of the high prices charged by the experimental farms. I shall be glad to take the matter into consideration.

Mr. REID: The complaint was made to me on behalf of the honey producers of the province.

Mr. LAFLECHE (Translation): Mr. Chairman, may I submit to the committee the correspondence exchanged between the hon. Adélard Godbout, Minister of Agriculture for the province of Quebec, and myself. This correspondence refers to the distribution of seed grain in Quebec. On May 10, last, I wrote the following letter to the hon. Mr. Godbout:

Hon. Mr. Adélard Godbout,
Minister of Agriculture,
Quebec.

Dear Mr. Godbout,—

Mr. Emiliano Simoneau, farmer, of Windsor Mills, informs me that he will be unable to sow his land this year. He has not the funds necessary to purchase seed grain.

Mr. Simoneau is an excellent farmer who is much attached to his land, he would be thankful to receive government assistance. This gentleman is desirous of securing 100 pounds of millet, 100 pounds of medium red clover, 25 bushels of oats and 10 bushels of barley. If you could possibly assist Mr. Simoneau, he would greatly appreciate it.

Yours faithfully,

F. J. Laflèche, M.P.

The following is the Hon. Mr. Godbout's answer:

Department of Agriculture
Province of Quebec

Office of the Minister.

Quebec, May 16, 1932.

Mr. F. J. Laflèche, M.P.,
House of Commons,
Ottawa.

Dear Sir,—

I am in receipt of your confidential letter, dated the 10th inst. and in which you request assistance from the provincial government on behalf of Mr. Emiliano Simoneau, farmer, of Windsor Mills, in order to enable him to secure seed grain.

The provincial government in fact, distributes seed grain to farmers in need in the poorest parts of the province. This distribution is carried out through the medium of parish committees presided by the local parish priest, the members of these local committees are, in fact, better able to judge of the needs of each person.

The amount set aside by the provincial government, this year, to assist the farming class in purchasing seed grain for those who most need it, is still larger than last year.

For your own information, allow me to point out to you that we have again requested, from the Dominion government this year, assistance for the Quebec farmers, just as they do for other provinces; unfortunately we have not been able to obtain anything, no more than we were able last year.

May I further state, for your information also, that we were informed last year that the Dominion Unemployment and Farm Relief Act could not be so interpreted as to apply the money for the relief of those in need, to purchasing seed grain.

You will readily understand that, under these circumstances, it is impossible for us to do more. Indeed, although it may not seem very large for each parish, the contribution of the Quebec government, alone, this year, amounts to a much larger sum owing to the great number of parishes of the province, where we are obliged to contribute, and this, notwithstanding that money is scarcer this year. We requested the government, at Ottawa, to contribute an amount equal to the one we, ourselves, apply to these purchases of seed grain; if the Dominion government had consented, at least, to contribute a portion, even had it been only half of what we appropriate for that end, or again if the government, at Ottawa, had but guaranteed the amount required, I think that we would have probably been able to distribute to all farmers that were in need, in Quebec, the quantity of seed grain they required.

It is unfortunate, indeed, that the Dominion Act in this respect does not equally apply to all the provinces.

May I assure you of my best endeavours,

Yours faithfully,

Adélard Godbout.

I should like to inquire from the hon. Minister of Agriculture (Mr. Weir), whether it is a fact that the Quebec provincial government has made such a request and whether the Dominion government refused to consider it.

This question interests particularly the Quebec farmers, since the press siding with the opposition contend that the Dominion government grants all the requests coming from the western provinces and refuses those from Quebec. The Minister of Agriculture of Quebec has written to the local member of the county of Wolfe a similar letter as the one addressed to me.

It is important to know definitely whether the statement of the Minister of Agriculture for Quebec is founded on fact or not. I therefore beg the hon. Minister of Agriculture to inform the committee in this respect.

Mr. WEIR (Melfort): The hon. member for Richmond-Wolfe signified his intention of asking this question with reference to assistance from the federal government to the farmers in the purchasing of seed grain in the province of Quebec. On May 2 I received the following telegram from the Minister of Agriculture of the province of Quebec:

Hon. Robert Weir,
Minister of Agriculture,
Ottawa, Ontario.

An inquiry reveals that a very great number of farmers and settlers are absolutely unable to secure their seeds this spring. The Quebec government has already granted $200,000 to answer the most urgent requirements but we realize that it is insufficient and that another $200,000 will be necessary to meet the situation. We hope that the federal government could supply that additional amount. Letter follows.

Adelard Godbout,
Minister of Agriculture.

On May 5 I replied to the Minister of Agriculture for Quebec in this letter:

Ottawa, May 5, 1932.

Hon. A. Godbout,
Minister of Agriculture,
Quebec, Que.

Dear Mr. Godbout:

I asknowledge receipt of your telegram of the 2nd instant, reading as follows:

An inquiry reveals that a very great number of farmers and settlers are absolutely unable to secure their seeds this spring. The Quebec government has already granted $200,000 to answer the most urgent requirements but we realize that it is insufficient and that another $200,000 will be necessary to meet the situation. We hope that the federal government could supply that additional amount. Letter follows.

And also your letter of the 3rd instant. We have no authority or appropriation to provide for the purchase or distribution of seed in any province and, therefore, I am unable to comply with the request which you have made.

In case you have been misinformed with regard to the situation, I might say that we are not purchasing or distributing seed grain for any province as this is considered to be a provincial responsibility entirely.

I believe the letter from Mr. Godbout to the hon. member for Richmond-Wolfe was written on May 16, at least ten days later. I have endeavoured on different occasions to make this point as clear as possible: the federal government has not purchased seed for any farmer in any province of the Dominion of Canada. If for any reason the provincial governments felt that they could not carry on the services of government and have submitted that condition of affairs to the federal government, the matter has been given full consideration and money has been loaned to the provincial governments when the federal government felt that the demands were warranted. I do not know that I can make this point any clearer than that. I have made that statement before in the house more than once, and I regret that Mr. Godbout evidently did not understand my letter, although I do not know how I could have made it any clearer than in the language I used. The government of Quebec has not made any request to the federal government for a loan to help to carry on the services of government and look after their farmers in connection with seed grain or other matters. If they had, no reasonable person would suggest for a minute that they would not be

treated the same as the other provinces. I do not think there is anything I can add in respect to this matter.

Mr. GIROUARD (Translation): Mr. Chairman, I wish to protest against the remarks just made by the hon. Minister of Agriculture. In order that the Quebec farmers be granted assistance by the Dominion Minister of Agriculture, the latter insists that, as an essential condition, the government of that province should prove that it is so financially embarrassed, that it is unable to provide for its own agricultural requirements.

Mr. GOBEIL (Translation): Exactly like in all other provinces.

Mr. GIROUARD (Translation): What the Quebec Minister of Agriculture requested the dominion government to do, was that the government or the Department of Agriculture should grant the Quebec farmers an amount equal to the one contributed by the provincial Department of Agriculture. I think, it is only fair, especially, when we are aware of the fact that if the Minister of Agriculture occupies his present position, it is due to the numerous pledges made to the Quebec farmers. They were promised, among other things that they would be assisted in all their requirements. There is no better time to do so than now. This government has now been in power for two years and has done nothing to help the Quebec farmers. The hon. member for Dorchester (Mr. Gagnon) for whom I have much regard—he is aware of it—

Mr. DUPUIS (Translation): He deserves some.

Mr. GIROUARD (Translation): —stated, a moment ago, in the course of this debate, that the impression should not spread in Quebec that the government grants nothing to this province and all to the western provinces. It is not only an impression—we are facing a fact—and I am quite convinced that the Quebec members, whether they belong to the Liberal or Conservative party, if they wish to be impartial, will necessarily come to the conclusion that the Minister of Agriculture has done nothing to help the Quebec farmers.

Mr. LAFLECHE (Translation): May I ask the hon. member a question?

Some hon. MEMBERS (Translation): Order!

Mr. GIROUARD (Translation): And when the provincial Minister of Agriculture asks the dominion minister to co-operate and requests him to grant to our farmers a similar amount to that granted by the provincial government, in order to assist the farmers in purchasing seed grain, the only reply from the minister, is that the dominion government gives no seed grain to any province; if any province wishes to secure seed grain, that province—I repeat what I stated at the outset—it must be so financially embarrassed that it is unable to provide for their own agricultural requirements.

Mr. LAFLECHE (Translation): Not necessarily.

Mr. GIROUARD (Translation): I wish to protest against the stand taken by the Minister of Agriculture. It is said, not only in Quebec but also in Ontario, that this government seems to grant its favours rather to the western farmers. I state that this impression is founded on facts. Last year, when the question of granting to western farmers a 5 cents rebate per bushel of wheat exported, came up, we requested the right hon. Prime Minister (Mr. Bennett) and the hon. Minister of Agriculture to grant a similar rebate to those who, in Quebec and Ontario, were engaged in the dairy industry. This request was refused. On various occasions, this session, we again made the same request. In my comments on the budget, again I made the request to the Prime Minister and the Minister of Agriculture, that they grant to the Quebec farmers a similar amount to the one granted to the western farmers. When the government conceded this 5 cents rebate per bushel of wheat exported, they were not making a loan to the western provinces, but a gift. We ask the Minister of Agriculture to grant, this year, to Quebec the same amount which was given last year to the three western provinces. I think that this is a legitimate and fair proposition, and I cannot understand why the request made by the hon. Mr. Godbout—

Mr. LAFLECHE (Translation): There was never an official request made.

Mr. GIROUARD (Translation): —was not granted by the dominion government.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GOBEIL: The hon. member for Drummond-Arthabaska in his remarks just before six o'clock referred to the correspondence of the hon. member for Richmond-Wolfe with the Minister of Agriculture at Quebec and to

the letters read by the Minister of Agriculture passing between himself and the Hon. Mr. Godbout, and it was apparent from the whole remarks of the hon. member that he had one object and one object alone in view and that was to sidetrack the question. The letter of Mr. Godbout to the hon. member for Richmond-Wolfe said in part:

> It is indeed unfortunate that the federal law in this respect does not apply in the same way to all the provinces of Canada.

That was the contention of the hon. Minister of Agriculture in the province of Quebec. The federal Minister of Agriculture in his answer made clear that the same law and the same treatment applied to everyone in Canada. Now what is the hon. member for Drummond-Arthabaska asking for? He is asking for special treatment for the province of Quebec; not that Quebec should be treated the same as the other provinces, as Mr. Godbout contended in his letter, but that Quebec should receive special treatment. He asks that the federal government at Ottawa should make a special grant to the province of Quebec for the purpose of buying seed grain, and so I say, Mr. Chairman, that the hon. member is trying to sidetrack the question.

I can quite understand that the Quebec government would not dare to make application to this government for any aid for the citizens of the province of Quebec, for the very good reason that the Prime Minister of the province in his manifesto issued at St. Raymond, declared that there was no unemployment in the province of Quebec and that any there might be the government of the province of Quebec could very well take care of.

Mr. LAPOINTE: What has that to do with seed grain?

Mr. GOBEIL: Well, if the situation in Quebec was so flourishing that there was no unemployment, and if the Quebec government could take care of any unemployment there might be without help from the federal government, I do not see how Mr. Godbout or Mr. Taschereau or the provincial government can now come to this government and ask for aid.

Mr. HEENAN: Mr. Ferguson said in 1930 that the Ontario government could take care of the unemployed in the province, and then later he lambasted the Dominion government because it did not assist.

Mr. GOBEIL: I am not aware that the government of Ontario has applied to this government for seed grain.

[Mr. Gobeil.]

Mr. BRADETTE: You may not be aware of it, but we know it.

Mr. GOBEIL: How can the Quebec government come here and ask for aid in view of their declarations? If they ask for aid they will receive at the hands of this government exactly the same treatment as every other province of Canada. But in view of the declarations the premier of the province made in his manifesto, and which have been repeated several times since, not only by himself but by every member of his cabinet, and in view of the amount that the provincial government allowed to be expended on the roads last year during the election campaign, I think it would be very hard for them to prove to this government that the province of Quebec was entitled to seed grain. But if they come to this government and put before them the situation exactly as it is, I feel sure this government will grant them every aid and lend them money just the same as it has lent money to the western provinces. Perhaps the government of Quebec will come to this government and say: We owe to the citizens of the province of Quebec ten or eleven or twelve or thirteen million dollars for work done on the roads of the province last year and not yet paid for. I trust the house realizes the situation in which our poor people of Quebec are placed. I do not know the exact figure, and I do not think the provincial government itself knows, but it does owe approximately ten or twelve million dollars for work done on the roads last year. I know one parish in my county where the provincial government still owes $12,000 for work that was done, and in general fifty per cent of the work was useless. But the money was spent just the same; the poor farmers of Quebec earned the money and as yet they have not received one dollar of it. I could give you the names of many municipalities in my constituency in which work was done for which the provincial government owes money. So I say, Mr. Chairman, that if the Quebec government would put the facts as they are, not as they represent them to be, before this government, they would receive just the same treatment as any other province. Mr. Taschereau claims that he is going to have another good surplus on the thirtieth of June. Very likely he will show a surplus, but the province will still be owing to its citizens between twelve and fifteen million dollars. I repeat, that if the Quebec government places before this government, the situation exactly as it is in the province of Quebec, I have no doubt that the provincial government will receive its seed grain, because undoubtedly Quebec is in as bad a position as many of the other provinces.

But that is not all. Not only is money owed by the provincial government to farmers and settlers who have been working on the roads, but the provincial government also owes practically all grants to schools, practically all grants to farmers' clubs and practically all grants to agricultural societies of every kind. They have not made any payments since last year. Then I do not know how many hundreds of thousands of dollars is owing by the provincial government to its employees for salaries. One man told me personally that the provincial government owed him over one thousand dollars in salary. That is the situation with all their employees in the province of Quebec. I do not wish to delay the committee, Mr. Chairman, but I think these facts should be placed before it so that every member will realize the situation in which we are placed in the province of Quebec.

There is just one other matter. The Minister of Agriculture this afternoon was very charitable. He said he thought the Quebec Minister of Agriculture, Mr. Godbout, must have misinterpreted his letter. I disagree in that regard, because I believe Mr. Godbout understood perfectly the meaning of the letter. When he wrote the hon. member for Richmond-Wolfe he knew he was not writing the truth. He knew that the statements in his letter were not according to facts. Although he is a new minister in the executive council of the province of Quebec, and although we may say he is a new politician, he has learned the game very quickly.

Mr. SPOTTON: They do in Quebec.

Mr. GOBEIL: They certainly do. He has followed the example of the rest of the council. Politics is the first thing they think about; it is ahead of everything. Politicians in that province think first of the party; then if the interests of the citizens do not conflict with party interests the citizens are given some consideration. The fact is, however, that every day of the year they are sacrificing the interests of the citizens of the province of Quebec, because they are not in accordance with the interests of the Liberal party.

I conclude by saying that Mr. Godbout was not sincere at all. I have no doubt he sent a similar letter to many other people, in an effort to deceive the population of the province of Quebec. He is trying to put a load on the federal government which they themselves cannot carry. That is his intention, and that is what he has been doing.

Mr. HEENAN: Mr. Chairman, I was just going to—

An hon. MEMBER: What do you know about Quebec?

Mr. HEENAN: I was just wondering. Mr. Chairman, may I have permission to get into this fight. I must say I do not know any more about the province of Quebec than does the hon. member who has just spoken.

Mr. HACKETT: Whom are you complimenting?

Mr. HEENAN: I do know, however—and I think the hon. member for Compton does not know it—that this government owes something to the province of Quebec. My hon. friend's leader promised in 1930 that he would put every man to work, or perish in the attempt.

An hon. MEMBER: Cheap.

Mr. HEENAN: The province of Quebec has been forced to proceed with its plan of road work because of the failure of this government to carry out its promises.

Mr. DURANLEAU: The old story.

Mr. HEENAN: The Prime Minister of Canada promised to put old age pensions in the province of Quebec.

Mr. BENNETT: He did not.

Mr. HEENAN: The Prime Minister promised to put old age pensions in the province of Quebec.

Some hon. MEMBERS: Order.

Mr. HEENAN: Consequently, Quebec having to pay its share of old age pensions in other parts of the country, this government owes something to that province.

Mr. VENIOT: I notice that under the relief work carried on in the province of New Brunswick $60,000 was spent for clearing land. I have been informed that part, if not all of the money was expended to clear land of the experimental farm at Fredericton. Could the minister give the committee any details in that connection?

Mr. WEIR (Melfort): That work would be under the unemployment relief measures, and comes under the Department of Labour.

Mr. VENIOT: I know it does, but the money was expended by officials of the Department of Agriculture.

Mr. WEIR (Melfort): What amount does the hon. member think was spent in the work of clearing land?

Mr. VENIOT: In the report of the superintendent of unemployment relief there appears an amount of $60,000.

Mr. WEIR (Melfort): $60,000.

Mr. VENIOT: Yes, expended on a fifty-fifty basis, divided between the federal and

provincial governments. My information is that the greater part of that sum was expended on the clearing of lands connected with the experimental farm at Fredericton.

Mr. WEIR (Melfort): Although that does not come under the Department of Agriculture, my information is that the money spent for clearing land on the experimental farm at Fredericton totalled about $6,000.

Mr. VENIOT: Only $6,000?

Mr. WEIR (Melfort): Yes.

Mr. BOULANGER: How much was loaned by the federal government to each of the prairie provinces for the purchase of seed grain?

Mr. WEIR (Melfort): I have not that information before me; it does not come under my department.

Mr. BOULANGER: Will the minister undertake to bring it down to-morrow?

Mr. BENNETT: It is not in the minister's department.

Mr. WEIR (Melfort): That does not come within my department. If the question were put on the order paper the Minister of Finance could answer it.

Mr. BOULANGER: If I put a question on the order paper at this late stage of the session I would never get an answer.

Mr. GARLAND (Bow River): How many experimental substations are there in Alberta?

Mr. WEIR (Melfort): Two.

Mr. GARLAND (Bow River): One of them is at Morrin.

Mr. WEIR (Melfort): Is the hon. member speaking about illustration stations or experimental substations?

Mr. GARLAND (Bow River): I am referring to experimental substations, and particularly to the rock farm at Morrin.

Mr. WEIR (Melfort): I think the farm to which the hon. member is referring is neither an illustration station nor a substation, but a farm used by the entomological branch for experimental purposes.

Mr. BOULANGER: Will the minister tell me if the money loaned to the prairie provinces for the purchase of seed grain is loaned under the provisions of the Unemployment and Farm Relief Act?

Mr. BENNETT: Yes.

Mr. WEIR (Melfort): I understand it is.

[Mr. Veniot.]

Mr. BOULANGER: Is it correct to say that the farmers are giving notes to the provincial governments for advances made to them for seed grain?

Mr. BENNETT: Probably I had better answer that question. The Dominion of Canada offered to lend money to any province desiring to purchase seed grain for its people. It loaned money; it did not give it. The provinces of Saskatchewan, Manitoba and Alberta secured loans for that purpose, for which they gave their treasury bills or notes payable with interest. They made the arrangements with their own people as to the terms on which they loaned the money to them or bought the seed grain for them.

Mr. BOULANGER: Is it possible to get the amount of the loans?

Mr. BENNETT: I have not the figures in my head. I think however it was about $6,000,000 in Saskatchèwan, about $1,650,000 in Manitoba and less than $150,000 in Alberta.

An hon. MEMBER: That information has been given before.

Mr. BENNETT: Yes; I speak subject to correction. In order to assist last fall Mr. McFarland took some preliminary steps to secure seed grain, which was subsequently bought by the province and distributed to the population, for which I understand under the provisions of a statute they gave notes secured by liens against the crops which will be grown with the seed. The terms and conditions under which the money was expended for seed, and the conditions under which the settlers received the seed, are wholly within the power of the provinces, and they made their own arrangements.

Mr. BOULANGER: Suppose the farmers do not give any security for their notes, and suppose that times continue to be bad, the notes will not be paid, and then the provinces will turn round and say to the federal government: We have not been able to collect on our notes, and therefore we are not going to pay our loan. Then eventually the loan will be written off. This is the money of the whole Canadian people to which the people of my province are contributing; and in that way they are contributing for the purchasing of seed grain in some sections of Canada while at the same time they are not receiving the same benefits.

Mr. BENNETT: Observations such as we have just listened to are what make for national disunion.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: It is talk just such as that which brings public men into disrepute. The hon. gentleman is a past master at that sort of thing; that seems to be his one job, to endeavour to stir up animosity between provinces or between peoples. He knows perfectly well that the money loaned by this dominion to the provinces was secured by the treasury bills or bonds which they gave for the loans. He knows further—as every hon. gentleman knows—that the provinces made their own arrangements with respect to the purchase and distribution of seed grain, and took a loan upon the crop to be grown therefrom. To suggest that these men would repudiate their obligations or endeavour to escape the debts which were created does scant justice to the hardy pioneer spirit which they have shown. The other day a gentleman who had just come back from the west told me that the only optimists he had discovered were the men who are doing just what these men are doing. I cannot but deprecate—and I think every fair-minded man deprecates—this attempt to have it appear that Quebec is paying money for seed grain in Saskatchewan, and that possibly it will be lost money, a bad debt, and will have to be written off. If the province of Quebec desires to take a loan from this dominion for the purpose of providing its settlers with seed grain, that is available to-morrow. What is more, that is well known, too. I have seen the circulars that have been sent about by some members from Quebec for the purpose of endeavouring to have it appear that this government is favouring the three western provinces at the expense of the people of Quebec. I am bound to say that decent-minded people resent that kind of thing. There is no part of this country more willing to make its contribution to the national well-being than Quebec, and the hon. member does not interpret the genius of those people in their attitude towards the other provinces.

Mr. BOULANGER: What the Prime Minister deprecates so strongly now was part of the campaign of the Tory party in 1930.

Some hon. MEMBERS: Very cheap.

Mr. GARLAND (Bow River): When party feeling has subsided—

Mr. LAPOINTE: It has not.

Mr. GARLAND (Bow River): —may I ask the Minister of Agriculture to tell me what was the character of the work carried on at the Morrin rock farm substation, or whatever they call it?

Mr. WEIR (Melfort): The chief work was a study, under the entomological branch, of the western cut-worm.

Mr. GARLAND (Bow River): They were also carrying on some investigation into the wire-worm?

Mr. WEIR (Melfort): Yes.

Mr. GARLAND (Bow River): Is that work to be continued or has it been curtailed?

Mr. WEIR (Melfort): I understand it has not been curtailed; it will be continued.

Mr. CARMICHAEL: I have not heard any discussion with regard to the illustration stations which come under this item, except as to the extent to which the item has been reduced. I think $17,555 apportioned for the illustration stations has been reduced. I would commend to the minister the work of these small illustration stations—at least as I know them. It so happens that in the province of Saskatchewan we have just four experimental farms. Obviously they are very far removed from each other, and it is impossible for the people in general to get in touch with them. In my own constituency I happen to have two of these small illustration stations, and I can say in regard to one of them that it is doing a splendid work in a small way at a minimum of expense. I think I am correct in saying that the total expenditure in connection with that one illustration station is about $250, possibly less, and yet it serves a community within a radius of twenty-five or thirty-five miles. I have figures showing that the expenditure in connection with some of the experimental farms amounts to over $40,000 each. Therefore one hundred and sixty of these little illustration stations could be run at the same expenditure as is necessary for one of the large farms. I am quite sure what they would accomplish would be comparatively more than what is accomplished by the large farms.

I do not know whether the minister is curtailing the work of those illustration stations or closing some of them out, or whether he is just decreasing the amount of money expended on each, but I would bespeak his favourable consideration for them. The large farms operating in Saskatchewan are located on a type of soil that is qute different from the soil in some other districts, and that is where the small stations can perform a very useful work. The one in my own district is close to the town in which I reside and is located on a heavy type of soil. We are fortunate in having a good practical farmer to supervise that station. He keeps every-

thing in good shape. The farm is located on a well-travelled provincial highway, and is open for the inspection of the public at any time they go by. Every fall the supervisor has a field day when some two or three speakers are brought in either from the Scott or Swift Current experimental farms and a general assemblage of the farmers of the district is held under the auspices of the Kindersley Agricultural Society. I have been privileged to attend a number of those field days, and they impressed me very favourably. Considering the small expenditure made, the number of people that take advantage of those gatherings would indicate that the benefits to the local farmers are more than one might expect. Possibly from seventy-five to a hundred farmers assemble for the afternoon to listen to the addresses and inspect the different crops on the illustration station. They also get information with regard to different kinds of grain and grass seeds, and so on. Therefore I would say that having regard to the expenditure involved the work done by these small illustration stations is of considerable advantage to the farmers in the locality and should be continued. So far as Saskatchewan is concerned, have any of the illustration stations been closed?

Mr. WEIR (Melfort): Three have been recently closed.

Mr. CARMICHAEL: How many are still in operation?

Mr. WEIR (Melfort): Twenty-eight.

Mr. McMILLAN (Huron): I think last year a two hundred and fifty acre farm was purchased near Regina for experimental purposes. What is being done with the land?

Mr. WEIR (Melfort): It was suggested that we purchase an experimental farm in that heavy clay ground, but it was felt we could achieve the purpose and deal with the problem that they wished dealt with much more cheaply by renting a half-section. The work carried on is the study of weeds and especially of soil conditions, and the work is being continued.

Mr. SANDERSON: I should like to ask the minister a question with regard to dominion experimental farms in Ontario. Other than the farm here, what other experimental farms are there in this province?

Mr. WEIR (Melfort): There is Kapuskasing in the north and Harrow in the southwest.

Mr. SANDERSON: That would make three, the one at Ottawa and the two the minister has just mentioned?

[Mr. Carmichael.]

Mr. WEIR (Melfort): Those are the experimental farms, and there is a substation at St. Catharines.

Mr. SANDERSON: There is a reduction of $833,000. What proportion of that reduction is made in connection with the three Ontario farms?

Mr. WEIR (Melfort): The reduction in the substations is $16,000, and the reduction in the central experimental farm is $106,402. The percentage of reduction in Ontario is about 21 per cent, I am told, while the total reduction is about 24 per cent. The reduction of $106,402 in the amount to be spent at the central experimental farm in Ottawa is due to the fact that this farm is much more expensive to run under ordinary circumstances.

Mr. DONNELLY: I would like to know if the three illustration stations in the southern part of Saskatchewan, at Agema, at Rockglen and at Gravelburg, will be kept in operation this year.

Mr. WEIR (Melfort): They are still in operation.

Mr. McINTOSH: I should like to ask the minister if any of the illustration stations in the northern part of Saskatchewan, or to be more exact in the riding of North Battleford, have been closed.

Mr. WEIR (Melfort): In all there have been three recently closed. Is the station at Churchbridge in my hon. friend's constituency?

Mr. McINTOSH: No, I do not know where that is. I think before the last government went out of office there was an investigation made into the possibility of opening an illustration station in the northwestern part of the riding of North Battleford, north of the Beaver river. I asked for and received a parliamentary return last session in that regard, and the decision at the time was that establishment of the station in question could not be entertained. I am sure the minister will agree with me that during the last two years a great many farmers have gone into that part of the north from the southern and central parts of Saskatchewan, and because of this, that area is now fully settled. I believe the time is at hand when the people in that northern area would be very grateful to the minister if he would take up that question again and do what he can to open an illustration station there to guide and help the farmers in the development of that splendid territory.

While I am on my feet I want to thank the minister for what he has done in opening

a new illustration station at Hafford, on the Canadian National railway between North Battleford and Prince Albert. I am not sure whether or not that station is in operation, but I know it was intended to have it going this year.

Mr. WEIR (Melfort): It is in operation.

Mr. McINTOSH: Thank you.

Mr. BOULANGER: Just a few minutes before recess I understood the minister to say that his department contemplated the closing of the experimental farm at La Ferme, in the Abitibi district of northern Quebec. I strongly urge the department that this farm be continued, because of the peculiar situation which exists in that part of the country. This is a new country which has been opened to agriculture for only perhaps fifteen or twenty years. The people have gone there with that pioneer spirit upon which the Prime Minister is so prone to expatiate in this house. It seems to me that by closing down the experimental farm at that point the department would do a very poor service for those pioneers, those new settlers, those brave and worthy Canadians who are trying their best to open up a new district. I hope the Minister of Agriculture will take the case of these pioneers into his very serious consideration and not close down the experimental station at this point.

Mr. HACKETT: Mr. Chairman, the discussion seems to have wandered rather far from the item before the committee, and if I may I am going to direct a question to the minister which is not directly associated with the item now under discussion.

On different occasions in the house mention has been made of a marketing board; something has been said in favour of such an organization and something has been said against it. The county which I represent, so far as it is engaged in agriculture, is largely devoted to dairying and is deeply interested in butter, which is selling at a very low price. Whether or not a marketing board would prove successful in coming to the rescue of the beef producers or the wheat growers I do not know. It seems to me that the useful service which might be rendered by a marketing board depends to a very great extent on what proportion of the commodity produced is available for export, because it is the portion which goes into the markets of the world that determines the price at home. We are told that the consumption of butter in Canada has decreased materially due to hard times. We are told that last year we produced about 280,000,000 pounds of butter and that this amount, less than about 3 per cent or from 10,000,000 to 11,000,000 pounds, was consumed in Canada. The rest was exported, and the price of that small portion which was exported has fixed and determined the price of that which was sold in the country. As someone put it, if we produced 100 boxes of butter and shipped one box, the price at which we could sell the one box determined the price of the remainder. If it be true that we have but this small surplus to export, and we are exporting it to countries whose currency is depreciated, and as a consequence we are obliged to accept a price which is not only low in the face value of that currency, but lower still when it is transferred into our own currency, might we not do something for this industry by applying to our butter industry what other countries similarly situated have done? One-half of one cent levied on each pound of creamery butter produced in Canada last year, estimating the production to have been about 200,000,000 pounds, would have given $100,000, which would have been sufficient to raise the price of our export butter 5 or 6 cents a pound. And if it is the price of export butter—

Mr. SANDERSON: On a point of order, Mr. Chairman, I would direct your attention to item 39, which is dairying.

The CHAIRMAN (Mr. Bury): The hon. gentleman is right. This discussion is absolutely out of order. If hon. members are to return to the marketing board we shall never get through the estimates.

Mr. LAPOINTE: It was discussed all afternoon yesterday.

Mr. HACKETT: That is quite true, but we have talked about everything under the item expect butter, and my suggestion was merely this—

Mr. SANDERSON: May I ask for your ruling on the point of order, Mr. Chairman?

The CHAIRMAN (Mr. Bury): I must uphold the point of order; the present discussion is out of order. The committee is now considering experimental farms.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: Not yet. I do not think I should allow this vote to go by without expressing some of my disappointment at the emasculated condition it was in when it first came down. Earlier in the session I was capable of being shocked, and in fact I was shocked when I first saw the

vote; but I have had so many shocks since then that my shock-absorber has reached the saturation point, and I have ceased to be shocked any more. Besides that, I am somewhat mollified by the supplementary estimates, at least to the extent of about six per cent. There has been some reparation, especially in connection with this vote for experimental farms, so that the government has come back to normal to the extent of six per cent. I am not going to blame the minister very much. I have been in his shoes so many times and so long that I know he did not bring down the estimates to council in this dismantled form in the first instance. I am sure that his director, sitting in front of him, did not pass them on to his deputy in that reduced way in the first instance, nor the deputy to the minister, the minister to the treasury board, and the treasury board to council. There was a nigger in the woodpile somewhere else when these estimates were prepared, and I am wondering who it was. The then Minister of Finance (Mr. Bennett) has, of course, to sit hard on the chest; that is his duty. But if you have a good case—

Mr. GAGNON: I rise to a point of order also. The hon. gentleman is out of order, and it is to be regretted—

Mr. MOTHERWELL: I am talking about this vote and the smallness of it, and I was going to give the minister a kindly tip how to avoid such disastrous reductions in the future. If the minister says that he does not want it, I will not give him the advice—

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: —but I am not going to heed the howlings of the rear guard.

An hon. MEMBER: He doesn't need your advice.

Mr. MOTHERWELL: I needed it at one time, and I suspect the minister won't be any the worse for it. However, we will let it go and I will give it to him confidentially.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: No, it is not carried. You don't like my tips over there. I wonder whether the minister would consider this—

Mr. GAGNON: I want a decision on my point of order.

Mr. MOTHERWELL: There is no point of order about it. As I was saying, I want the minister to consider this. We have had various kinds of cuts this session—the Bennett cut, the Rhodes cut, and the cut on civil servants—

[Mr. Motherwell.]

but this experimental farms cut is "the most unkindest cut of all," and I was wanting the minister to avoid it another year. We have been promised that the ten per cent cut in salaries and indemnities will be for one year only, and if the minister would assure us that he would endeavour to have his colleagues seriously consider making this reduction in connection with experimental farms and agriculture generally for one year only, trying to get back to normal next year, I would not say anything further. In fact, I would not say anything at all about any of the estimates because there is not much use doing so, particularly now the government have demonstrated in the supplementary estimates their recognition that they made a profound blunder in reducing agriculture in this way in the first instance. I want to express my appreciation of what the government has come to realize and admit this to be so, and I trust that the minister will endeavour to put agriculture in the same one-year category as the rest of us in regard to reductions. I am asking for agriculture only what has been granted to myself, namely, that this reduction as in the case of the members' ten per cent cut, will be for one year only. The Senate has got the same promise and so have the civil servants, and surely agriculture, which sustains us all and keeps half the people of Canada occupied, is worthy of the same consideration that is given members of the house and of the Senate. I do not even ask the minister for a reply; I simply ask him to take this suggestion into his very best reasoned consideration and work hard for its consummation next year.

Mr. CAYLEY: I have just one question to ask the minister. I know that he realizes the mistake that he has made in connection with the estimates, and I have faith that he will play the game, in spite of what my friend has said. The minister knows quite well how important the tobacco industry in southern Ontario is, and what rapid strides it has made. He knows what it means to those farmers engaged in it. He knows what is being done in part of Oxford county, in Norfolk and Elgin, in experimentation and demonstration for the benefit of the farmers who are following along that line. May I ask for a statement from him in this regard.

Mr. WEIR (Melfort): The Harrow station, in the vicinity the hon. member is discussing, is carrying on experiments and there are illustration stations which are also doing demonstration work. In addition to that, there is the soil survey, which is perhaps the most

important thing of all in connection with the growing of tobacco. That is not being curtailed.

Mr. CAYLEY: Is there any likelihood of establishing another demonstration farm east of that in Norfolk county or in Oxford?

Mr. WEIR (Melfort): Only demonstration plots this year, not demonstration farms.

Mr. MacLEAN: Can the minister give any information in regard to the experimental ranch at Summerside, Prince Edward Island? A considerable amount of money was spent there in improvements last year, and if the minister has any information under his hand I should like to have it. I should be glad if he would inform me as to the first estimate, also the total cost of the house, how it was built, and in fact all the information he has regarding the whole matter.

Mr. WEIR (Melfort): The house referred to was built by day labour and cost approximately $8,000.

Mr. MacLEAN: Built by whom?

Mr. WEIR (Melfort): By day labour, not by contract.

Mr. MacLEAN: Who was in charge of the work?

Mr. WEIR (Melfort): I am afraid I have not that information available, but I shall be glad to forward it to the hon. gentleman.

Mr. McINTOSH: A few moments ago I was referring to the possibility of establishing an illustration station in the northwestern part of the North Battleford federal riding, for the Loon lake, Makwa and other districts, and I intimated that a report had been made on this matter three years ago. My own impression of that report is that it was political in character and absolutely unjustified, and I ask the minister if he will personally look into it and if possible investigate the area with a view to establishing in this new and rapidly developing district an illustration station as soon as possible. If he will do this, I shall be obliged.

Item agreed to.

Assistance to fairs and exhibitions, including the Royal Agricultural Winter Fair, $350,000.

Mr. ELLIOTT: What fairs are affected by the reduction of $300,000?

Mr. WEIR (Melfort): The amounts of grants to B class fairs are not changed, nor are those to regional fairs. There will be some reduction in the grant to the Toronto royal winter fair, and the grants to A class fairs are being reduced to $2,500 while the grants to the other winter fairs are reduced to $2,500. The grants to boys' and girls' clubs of various kinds are not being reduced.

Mr. McINTOSH: I am gratified to hear that the grants to class B fairs are not being reduced below $1,500. If I remember correctly, a few years ago these grants ran as high as $4,000 each. Under the old government they were dropped to $2,500 each, and then brought down to $1,500 each. I understand some pressure was brought to bear upon the department this year to make a further reduction, but the minister did not accede to that request. He did the right thing by not making that reduction. The only reason I am saying anything to-night in connection with this matter is because I would like to impress upon the minister the importance of raising these grants in the near future from $1,500 to $2,500. These fairs are doing work equally as good as, if not superior to, the class A fairs and I do hope the minister will give all the support he can within the next year or so to a move in this direction. If he does, I am satisfied he will have the support of the agriculturists of Canada in the districts in which these exhibitions function.

Mr. BOWMAN: Do I understand that the grants to regional fairs have been dropped?

Mr. WEIR (Melfort): The same sum is included in this vote for regional fairs as was included last year. The plan we are following in this connection is to select one B class fair in each province to which a special grant of $1,000 is given. This grant is made in an effort to encourage healthy rivalry between the different communities surrounding the particular B class fair. The different townships or municipalities surrounding that centre group together in making district exhibits. Last year the district winning the most points at that fair is given out of the $1,000, a grant of $400 by the fair board as first prize to be used to encourage the local agricultural association or society. This method brings the district together as a unit rather than dividing it under the old system of individual prizes. The district winning the second highest number of points is granted $300, the next district, $200, and the next, $100. This procedure will be followed for a number of years in each province in an effort to see the results obtained. I might say that we were very gratified last year at the results obtained and we purpose continuing such grants to different B class fairs. In this way the grants for B class fairs will be practically raised.

Mr. McMILLAN (Huron): Is the department looking after the provincial winter fair at Guelph as usual?

Mr. GOULET (Translation): Mr. Chairman I notice, by this item, that the government is carrying on its policy of cutting down expenditure. Last year the government appropriated for agricultural exhibitions the sum of $650,000. This year the grant is reduced to $350,000. It is a cut of $350,000 at 46 per cent. The assistance given to agricultural exhibitions represents outwardly, since it is a kind of advertisement, assistance to farming. The item therefore entirely sums up the government's policy. This year, the government under pretext of cutting down expenditure, thought fit to reduce the estimates of agriculture. Others who preceded me in this debate have stated their views on this kind of economy as vexatious as it is irrational. If there is a department where the estimates should have been increased instead of being cut down, it is certainly that of agriculture.

It is common topic that agriculture is the foundation of the national economic structure. This house has often heard it repeated. It appears daily in the press. Economists are unanimous in proclaiming it. A nation without agriculture cannot subsist. History gives us many proofs of this. The world of to-day would not be undergoing such a serious crisis, if it had not forgotten that underlying principle. It is not only in the economic field that a chasm intervenes between the principle and the practice. But it is always amazing to note how easily under the sway of ambition, one neglects what would prove its strength and resistance, and how easily one forsakes the prey for the shadow.

Mr. LAPOINTE (Translation): The Canadian people have done so.

Mr. GOULET (Translation): The shadow is overcapitalized industry, industry on a large scale. The prey is the land, the soil, agriculture. A number of countries such as England, Germany and Japan, owing to an overcrowded population from which they suffered had to forsake the land and go in for an intensive and unbounded industrial development. They depend on other countries for their living. And it is in the former countries that the crisis is most acute: it is industrial, financial, commercial, and therefor social in character.

Here, in Canada, there would be no reason to suffer from such depression, if we had strictly adhered to the principle that agriculture is the foundation of all lasting economic structure, if we had not despised this axiom, a common-place one, so admitted by all. Canada encloses a vast area of land suited to farming but not yet settled. The land at our disposal is perhaps not unlimited as it was truly pointed out, it is, however, considerable, especially in Ontario and Quebec.

We are fortunately witnessing a change of thought which we would, however, like to see, more general. Some still imagine that when they have discussed trade, finances, currency, gold standard, transportation, they have covered all topics and feel quite at their ease.

They are laggards, they were responsible for the fiasco of our immigration policy and our deplorable emigration to the United States. Governments are still entangled in the webs of incoherent economic theories.

Broadminded people clearly saw the path to follow. They advocated settling the country and the back to the land movement in order to relieve congested cities and bring back the deserters to the farm.

Mr. GOBEIL: I rise to a point of order, Mr. Chairman. The hon. gentleman is reading his speech.

The CHAIRMAN (Mr. Bury): It is rather late in the session to raise that as a point of order.

Mr. GOULET (Translation): However, it is important to convince ourselves that we must, to insure the success of the back-to-the-land movement, begin by improving the condition of agriculture. Much was done to foster industry. It was no doubt necessary. Measures of urgency are always measures of urgency. But now that industry seems to enjoy permanent assistance through a protective tariff, special transport rates, dumping duties, etc.; would it not be opportune to grant an efficient and substantial assistance to agriculture?

It has been considered. There has been enough proof of good will. Up to the present, however, people have been too exclusively concerned with the one-crop (wheat) system of the west. There again, the government was right to grant a rebate of 5 cents per bushel of wheat exported. The appeal of the western provinces was urgent. The situation there was desperate. However, since so much was done for the single wheat crop, why should nothing be done for mixed farming and live stock breeding in the eastern provinces.

The situation of Ontario farmers is alarming for all those who are well acquainted with it. If in Northern Ontario and New Ontario,

the situation is less critical, owing to more favourable local markets and better prices for farm products, it is nevertheless a fact that the farming sections of the south-west, and especially those of the east, comprised within the counties of Russell, Prescott, Stormont and Glengarry are seriously affected by the crisis. Their condition has become alarming. The lack of markets for farm products and the extraordinary low prices prevailing, have placed especially the farmers of these sections, not only in straitened circumstances, but are forcing them to abandon their farms either through the land being seized or sold by sheriff sale in order to recover the taxes.

I was informed, a few weeks ago that, in a parish of my county and in the most fertile concession a number of families were abandoning their farms. They found it impossible to meet the taxes and their rents. The banks admit that they will have to levy execution in order to recover their loans. Farmers are therefore in great difficulties. It is urgent, as urgent as to grant a rebate on wheat, to come to their rescue.

Mr. GOBEIL: I rise to a point of order. Mr. Chairman, and it is that the hon. member is not speaking to the question before the chair. The hon. member for Stanstead was called to order for not speaking to the question, and I think the hon. member for Russell should be called to order.

Mr. GOULET (Translation): It behooves the government to do its utmost to improve the lot of the farming class. In the counties of Russell and Prescott, farmers draw their main revenue from the sale of dairy products; milk, butter and cheese.

Without disbursing a cent, the government could give some relief which has been requested for a long time past by owners of cattle. We have reason to believe that the milk producers do not get all that is coming to them by right. I wish to congratulate the member for Prescott (Mr. Bertrand) on the speech he delivered last week. The hon. member for Prescott drew the attention of the government to the treatment meted out to the farmers by the dairies.

The producer receives $1.10 per cwt. of milk delivered under contract. For the surplus or balance he receives 55 cents per cwt., the accounts being settled weekly or every fortnight. While the city consumer pays for his milk 9, 10 and 11 cents a quart. As there are forty quarts in a 100 lbs. of milk, the consumer therefore pays $3.60, $4.00 or $4.40, per cwt. The difference between what the producer receives and the consumer pays, is therefore $2.50, $2.90 or $3.30. Is this margin not excessive? Is it entirely absorbed by the cost of pasteurization, bottling and delivery? Nobody could believe that, and such is practically my view in the matter.

At all events, it behooves the government to ascertain, once for all, the reasons for this remarkable spread between the prices received by the producer and those paid by the consumer and it should redress the grievances of the producers of that section of the country. These grievances are the more so justified seeing that their milk would but give them a return of 55 cents per cwt...

An hon. MEMBER (Translation): Hear, hear!

Mr. GOULET (Translation): ...because the dairy factory reckon it as surplus.

It is contended that the milk, cheese, butter and leather trusts hold the farmers in bondage.

Mr. TETREAULT: I rise to a point of order, Mr. Chairman. The hon. gentleman is not speaking to the question before the chair. The hon. member for Stanstead was called to order for not speaking to the question, and I submit the hon. gentleman is equally out of order.

Mr. GOULET (Translation): They are so strongly held in bondage that they find it impossible to break their shackles. They are forced to accept the price offered to them. The Quebec government is holding an inquiry in connection with the milk industry. They started...

An hon. MEMBER (Translation): Let them complete their work.

Mr. GOULET (Translation): . .the inquiry a few months ago, and I am informed that the results obtained up to now are very satisfactory.

The Dominion government have experts, in this connection, in the Department of Agriculture. Would not these experts be most willing to hold an inquiry of this kind? The government should appoint a commission to study thoroughly this question of farm product trusts. It is regrettable to note how easily and remorselessly the government forsake the farmers, when it does not, through its negligence, hand them over closely bound to the trust which exploit them.

An hon. MEMBER (Translation): Carried.

Mr. GOULET (Translation): The farmers request also, not only in Ontario counties but throughout every county of Quebec, a bonus

on butter and cheese. Precedents have been established by assisting industries which were certainly not as deserving as the dairy industry. Election pledges were made in this connection, and we are still waiting for these pledges to materialize.

Last Sunday, at three different meetings, held successively at St. Albert, Hammond and Marionville, in the county of Russell, the farmers were unanimous in endorsing a request to the government for the granting of a bonus on butter and cheese. And I am pleased to act as their mouth-piece in praying to government to comply with such a reasonable request on their part.

The farmer, without being taxed with exaggeration, could claim redress for many other grievances. Why should they be backward about it since others do not have the same scruples and unceasingly request millions of dollars from the government? For whom was the Hudson Bay railway constructed? For whom is a trans-Canadian highway being built? For whose benefit—does parliament enact the high protective tariff which is a loss to the treasury of many hundreds of millions of dollars per year?

The farmer requests to be exempted from the Bankruptcy Act. Is it not possible to grant him more favourable interest rates so as to carry him through the present crisis?

The government would be well advised to increase the appropriations for Agriculture instead of cutting them down, and grant to the man on the land some of the favours which it reserves to industry and trade. If it earnestly wishes a return to prosperity the path is opened. No class of our community is more deserving of sympathy than that of the farmers. No class, either is more courageous when faced with difficulties. However, this must not be a reason to foresake them.

Mr. HOWARD: Mr. Chairman, I just wish to say a word on this item which affects particularly my section of the country. May I appeal not only to hon. members on this side of the house, but to hon. members opposite who represent eastern township constituencies to support what I am going to say. The eastern townships of the province of Quebec constitute one of the leading dairying sections of the dominion. Every fall in that section we have what are known as regional or county fairs. After the county fairs have been held in the different counties the prize winners go to the city of Sherbrooke and exhibit at a class A fair known as the "Canada's great eastern exhibition," which is held every fall in that place. For years past the federal government has agreed to pay to the farmers in prize money one-third of the money paid out by the directors of the exhibition association, up to $5,000. The province of Quebec pays two-thirds of the prize money up to $10,000. Hon. members will note, therefore, that the government is not giving a grant of that amount to the exhibition. The prize money is handed out to the farmers, and goes back into the eastern counties of the townships. I want hon. members to understand that the federal government pays one-third and the provincial government two-thirds of the prize money.

As everybody knows, last year the Eastern Townships Agricultural Association, with headquarters at Sherbrooke, had a very bad year, went considerably behind in their receipts and suffered a severe deficit. This year it was questionable whether or not the fair would be carried on. If it were a local fair it might possibly get more support from the surrounding country, but being a class A fair and the climax of all our county fairs in the eastern townships, it is in a class by itself I think the government and hon. members opposite who come from the eastern townships should insist that the department pay at least one-third of those prize moneys which go directly to the farmers. The grant I have been describing was cut off entirely. I understand from the minister that the department will consent to give $2,500, but I claim that under present conditions that sum is not sufficient.

A few moments ago the hon. member for Compton criticized the legislation of the province of Quebec. I ask him to consider the difference in treatment in this connection given by the federal and provincial governments. The province of Quebec pays two-thirds of the prize moneys, which go direct to the farmers, or the sum of $10,000, on the condition that the federal government will pay one-third, or $5,000. The federal government has cut the grant off entirely. On the other hand the exhibition directors went to Quebec and were told that the provincial government would pay its share, just the same, that they would pay their $10,000 regardless of the action of the federal government. The federal Minister of Agriculture has since decided that help to the fairs is necessary to the continued development of the live stock industry, and has decided to pay one-half of the regular sum, namely, $2,500. I thank him for that, and I am not criticizing. If, however, he realizes the absolute necessity of trying to keep agriculture to the forefront and trying to keep the boys on the farms,

trying to ensure the permanence of that dairying section of the eastern townships, he would make an exception in this particular case. I expect the other hon. members from the eastern townships to back me, and take steps to have the federal government's share replaced at the $5,000 figure.

Realizing that the prize money goes not to the exhibition authorities but directly to the farmers, the provincial legislature has decided, in spite of the fact that the federal government has reduced its share to $2,500, to give a further $2,500 to help out in the present crisis. I said this afternoon and I repeat to-night that it is unfortunate to cut the estimates of the Department of Agriculture to the extent of $3,000,000. Surely that is one industry which should have been encouraged. In this particular instance I appeal to the hon. members for the eastern townships, whether they be Conservatives or Liberals. I ask them to get together, to get behind this movement and have the grant replaced at the old figure of one-third of the sum paid out in prize money up to $5,000.

Mr. BOWMAN: Mr. Chairman, with respect to the regional fair grants to class B fairs throughout the Dominion to which the hon. member has just referred, may I say that last year in the province of Manitoba the class B fair was held at Dauphin, in my own constituency, and was chosen as an experiment. I have before me a letter from the president of the Dauphin fair board in which he states that last year they had the most successful fair in the history of their organization. They attribute their success very largely to the grant of $1,000 received from the government for the purpose of experimenting in regional fairs.

I had hoped that the minister would see fit to continue the grants to fairs which made the experiment last year. The department must remember that the $1,000 does not go to the fair board, but to the district. As the minister has explained, it is divided in the sums of $400, $300, $200 and $100 to the districts winning first, second, third and fourth marks respectively. By the distribution of this money a friendly competitive spirit has been aroused among the exhibitors in the outlying districts. The district served by the central fair has been divided into districts, each of which has a class C fair. As a result the boards of directors of the class C fairs have taken a very active interest in the class B fairs. The consequence is that in a very large district covering perhaps a radius of one hundred miles, there has been a keen competitive spirit among the class C fairs to earn these grants of from $100 up to $400 as the case may be. It should be pointed out that when these moneys were distributed they were in turn added by the winners to their prize lists, and so the grants had a cumulative effect. Might I point out to the minister that while the class B fair at Dauphin in Manitoba did not get any money from the actual grant, nevertheless the managers were put to a very large expense in arranging for the competition, additional stabling room alone representing an expenditure of $600.

If it can possibly be done at this late stage, I would suggest that the same grant be given to the fairs that made the experiment last year in order that they may continue it further. I have it from the authorities at home who have been in charge of the local fair for years,—and it is one of the most successful in western Canada,—that this is the best spent money that has ever been contributed by any government for fair or exhibition purposes. I trust the minister will see his way clear to continue this grant but on a larger scale.

Mr. HACKETT: While the hon. member for Sherbrooke was on a mission to foreign parts the officers and directors of the eastern townships exhibition came to Ottawa, where they met the members for the eastern townships—and would have met the member himself had he been here. Those gentlemen and the members waited upon the Minister of Agriculture, and it may be that one of the results of the conference was the grant of $2,500 which is to be made by the federal government. At that time only $10,000 was available from the Quebec government. If a further sum of $2,500 has come to the fair from the province, it has been received recently, because when here the directors were very definite that $10,000 was the maximum that would come to them from the provincial government. The hon. member for Sherbrooke suggests that we are all interested in that fair.

Mr HOWARD: Hear, hear.

Mr. HACKETT: That is quite true. I am sure he knows the government is very much interested in it, and that if the government has not found it expedient to contribute as much this year as in the past, it is for the very best of reasons. We know that demands upon the treasury have lately been very heavy. The exhibitors from the eastern townships will this year, even on a reduced prize list, receive more as prizes than they ever have in the past by reason of the new policy

introduced by the exhibition authorities excluding all professionals who for many years have taken away the prizes from these local shows.

Mr. HOWARD: Would you suggest then still further reducing it if that is going to give them more money?

Mr. WEIR (Melfort): With reference to the statement of the hon. member for Sherbrooke, the sincerity of his desire to help agriculture and his interest in it is, I think, best exemplified by the fact that he does not even know how the federal grant has been given to the Sherbrooke fair. The rest of his speech did not deal with agriculture so much as Quebec versus Canada, and I would think we have heard enough of that to-night. Regarding the policy of this department in assisting the live stock men in Quebec, we feel that the money we are expending in a different way, as was discussed the last day my estimates were before the committee, is of greater benefit to the farmers of that province than the contributions to fairs in the past. I prefer without any hesitation to allow the farmers of Quebec to pass judgment on our policies rather than those who are actuated by purely political motives.

Mr. LAPOINTE: What was the amount of the grant to the Quebec city provincial exhibition last year, and what is the amount to be given this year?

Mr. WEIR (Melfort): Last year Quebec city got $5,000 as a straight grant and $3,000 as a building grant; this year those grants will be $2,500 and $3,000 respectively. This year I understand the provincial government are convinced there is so much merit in the regional system of fairs that they have decided to adopt that system for the entire province.

Mr. SPEAKMAN: In view of the number of communications that we have received from the officials of the B fairs and the anxiety they display, have they been notified that the grant will be again paid in full this year?

Mr. WEIR (Melfort): They will be notified.

Mr. MOTHERWELL: Has the ten year grant of $25,000 for the royal winter fair expired yet? I think it expires this fall.

Mr. WEIR (Melfort): Last fall.

Mr. MOTHERWELL: Will the grants to the twelve or fourteen A and winter fairs throughout the country be continued in full?

[Mr. Hackett.]

Mr. WEIR (Melfort): The A fair grants will be $2,500 as a straight grant.

Mr. CAYLEY: Where will the regional fair be in Ontario this year?

Mr. WEIR (Melfort): Last year it was at Peterborough.

Mr. RAYMOND: What was the grant to the Valleyfield fair last year, and what will it be this year?

Mr. WEIR (Melfort): It was $5,000 last year and this year it will be $2,500.

Mr. DUPUIS: I should like to know if small county fairs will receive grants this year.

Mr. WEIR (Melfort): The federal government does not give grants to county fairs.

Item agreed to.

POST OFFICE DEPARTMENT

Post Office—outside service, $31,451,100.

Mr. POULIOT: As my good friend the Minister of Finance said the other day, I have obtained quite a number of returns this session and I am very grateful for the information they have contained, but this discussion will last much longer if the minister does not give satisfactory replies, because then I will have to submit my case to the house. If the hon. gentleman who is Postmaster General will be fair enough to give fair answers to my fair questions, however, the discussion will be very short. We have been speaking of fairs for the last few minutes; now I will speak about fairness.

There is a matter which caused some concern to the house some time ago. I refer to the case at St. Eusebe de Cabano, and I remember that when the question was answered in the house it aroused quite a storm. The gentleman who is now postmaster there carried liquor for the purpose of canvassing during the last provincial election, and I have denounced him from my seat in this House of Commons. I do not know what are his politics, because he changes so often, but he was appointed by the present Postmaster General, who has been fair enough to promise an investigation into this case. This is satisfactory, but the answer is not complete. We have had investigations held by commissioners who have not been sworn, though they have administered the oath to witnesses. I should like to know from the hon. gentleman first if such an investigation is carried on under his instructions, if the commissioner will be sworn before undertaking that investigation, and in the next place whether the investigation will take place before the end of June. That was

the date I mentioned previously. Now I will ask whether it will take place before the end of July, and I would be very grateful to the minister if he would answer my questions.

Mr. SAUVE (Translation): Mr. Chairman, I wish to inform the hon. member for Temiscouata (Mr. Pouliot) that I shall do everything possible to give him satisfaction in connection with the case of St. Eusebe de Cabano. I further wish to state that it is not the usual practice to have the commissioner sworn in. I simply followed the practice adopted, in the past, by my hon. friends in the opposition when they were in power.

The commissioner is appointed by order in council and carries out the inquiry which is requested of him when a reasonable complaint is lodged. So far as the date of the inquiry in question, I may state that it will be held as soon as possible, but as to fixing a date, a day, that is rather difficult. I do not think that the hon. member for Temiscouata can expect as much.

Mr. RHEAUME (Translation): Will the commissioners be instructed to find the postmaster guilty?

Mr. POULIOT (Translation): The Postmaster General's answer pains me much because I have personal knowledge that certain commissioners, immediately after the inquiry, had first stated that they had nothing to reproach the person charged, then later on put him to the rack. They sent in reports without first taking the oath. The hon. Postmaster General is very kind to promise me that an inquiry will be held in the case of St. Eusebe de Cabano, however, if the commissioner does not take the oath, I would rather not have the inquiry; in fact, if there is none held, the commissioner will not be given the opportunity to lie about the person charged.

This is all, sir, I have to say to the hon. Postmaster General, for the moment, with reference to the St. Eusebe de Cabano affair. There has been an offence committed by a postmaster, an offence far more serious than others for which postmasters have been dismissed. In the present case the postmaster will have to undergo an inquiry before an individual who is not a commissioner but an executor, I do not care to have an inquiry, and I wish to thank the Postmaster General, all the same, for his kindness, but there is always the immanent justice which will settle the case of the postmaster who transported liquor during election time.

With regard to the oath taken by commissioners I should like to make a constructive suggestion which will help bring about economy in the department. I have not much faith in these investigations. They have cost a good deal of money, though I do not blame the Postmaster General for that. I understand very well that the supporters of the defeated candidate hang around him like flies around a jar of honey, trying to get something for themselves or for their friends. They consider him like honey in order to get money, but the point is that these investigations are rather a farce. They have been carried on for a number of years; sometimes they are fair and sometimes they are not. I suggest first of all that the complainants, or those who give evidence against any postmaster, should never be given a job. At the present time, in my county, I know of nine cases in which men who have given evidence against the postmaster for political reasons have obtained the job. This is most unfair. A man is out of work and he decides that he is going to get a job. There is a good man already occupying the position, one against whom no one has anything to say. But it happens—and this is true only too often—that only one man, the man who wants to get the job, is prepared to say that to his knowledge the postmaster has been a political canvasser. The leaders of the Conservative party, one after another, will say, "To my knowledge that man has never played politics since his appointment," and the only evidence against him is the evidence of the man who is anxious to get the job. And at times that man is appointed by the minister instead of by the commission. Now I can assure the minister that the man who gets the job at the expense of the other fellow deliberately lies in many instances. This, I submit, is most unfair, and to sum up my suggestion, I say that in these cases there should be no political investigation by a commissioner, but instead there should be required two or three affidavits from people who are absolutely disinterested. People who have no interest whatever in the matter should give evidence to the satisfaction of the new lawyer in the department of the Postmaster General.

An hon. MEMBER: Who is he?

Mr. POULIOT: I refer to Mr. Lalonde, and I congratulate the minister on that appointment, for it is well to have a lawyer there to check the returns. I am entirely in favour of that; it is a very wise move. We shall see how he does his work and whether he is entitled to blame or praise. If he does his work well, he will receive some praise from me, because there are other lawyers who

carry on investigations in a most unfair way. I ask the minister, is not that a sensible suggestion? It would save $33,000 in the Post Office Department.

I very much regret that two departments presided over by ministers from the province of Quebec should show the largest number of investigations and dismissals. It is very sad. Is it not better to have two or three affidavits sworn to by people who are not looking for jobs themselves than to have only one witness, and that witness the very man who is anxious to get the job? He is sure to give such evidence as he thinks will bring him the job. I know of instances where a man has lied in his evidence and his statement has been denied under oath by other people. I will mention cases with which the Postmaster General is familiar, and which are repugnant to any man's sense of justice and fair play. The commissioner asks a witness: Do you swear that this man has never played politics since his appointment as postmaster? The man swears, yes. Later on the question is asked him: Do you swear that of your knowlege? He replies; Yes, I swear it. And further on: Do you remember whether that man has ever played politics? The answer is, no, I don't remember. Very well. Then he says in his report, "This man does not remember that the other man has played politics." It is not a negation; it is a shade, a distinction, but it is crooked just the same. And it is more crooked for the commissioner to act that way, to put words into the mouth of the witness. Moreover, the evidence of the man was denied by another person. I would therefore ask the minister to consider very seriously the suggestion I have made in the interests of economy, and for the sake of the dignified and proper discharge of duties which are quite onerous. Is it not reasonable to ask that those who shall lodge complaints or those who shall give evidence shall not be persons who are likely to benefit from their own action? It is fair play, so much so that there is not an honourable member who will get up in this house and say otherwise. But not only that; if the minister wants to enjoy peace in his department, he must establish general principles by which people shall abide—principles which must govern members who have been elected from the Conservative party and defeated candidates as well, who, perhaps, are most troublesome to the peace of mind of the minister.

I wish to cite some cases, and I shall be very brief. I will start with the case of Sully of Témiscouata county.

Mr. LAPOINTE: I know the man.

[Mr. Pouliot.]

Mr. POULIOT: The ex-Minister of Justice says he knows the man. He knows the postmaster who has been dismissed, and I know him too. He is well known by his fellow citizens, and that explains the fact that he has been mayor of the municipality for many years. But before taking up the Sully case may I once more ask the minister whether he will kindly consider my suggestion that complaints shall be lodged only on the strength of affidavits sworn to by people who are not likely to be appointed, or by a member of parliament, from his seat or over his own signature.

Mr. SAUVE (Translation): I was about to ask the hon. member for Témiscouata if I might answer the suggestions he has just made as to this new method of carrying on investigations. I say without hesitation that the suggestions of the hon. member for Témiscouata are worth looking into. The method is a new one, never followed by my predecessors. I do not know if the hon. member for Témiscouata has consulted with the former Postmaster General (Mr. Veniot) who enjoys a wealth of experience; if he has not, I shall make it a point to ask his opinion when the time comes because the matter is of a truly serious nature.

Mr. RHEAUME (Translation): Hear, hear.

Mr. SAUVE (Translation): As to the commissioner, I am rather surprised at what the hon. member for Témiscouata says. He is a lawyer, he is intelligent, he has political experience—

Mr. DURANLEAU (Translation): Hear, hear.

Mr. SAUVE (Translation): —he knows perfectly well that since the time of Laurier up to the present, investigating commissioners have been appointed by the governor in council. If the hon. member for Témiscouata desires to make certain exceptions in the case of a few errors that may have happened, as he says, very well. But why denounce all the investigating commissioners?

As to having three commissioners sworn I repeat, Mr. Chairman, that this method has not been followed heretofore. If complaints are made against certain commissioners there are ways of bringing such charges. But the hon. member for Témiscouata mentions no names in his denunciations; he accuses all those commissioners who, in the past, have carried on investigations without being under oath. This, to my mind, does not reflect his real thought.

Now, Mr. Chairman, with the permission of the committee and of the hon. member for Témiscouata, I shall answer the questions asked the other day when we began the discussion of the Post Office estimates. I wish to be well understood. My hon. friends of the opposition will admit that I have sufficient parliamentary experience to know what constitutes a proper reception of their remarks, their protests and their criticisms. I am ready to accept, and to answer as decently as I may, the varied criticisms of my opponents. If I have not continued, before this, the discussion of my departmental estimates, it was, first of all, because I had not been called upon to do so, and also because my deputy was the victim of an accident and has not recovered sufficiently to permit of his resuming his work.

The hon. member for Témiscouata began by mentioning certain cases. I prefer this method to that followed last week. You understand how difficult it would be for me to answer a volley of questions from all sides at once, and all treating of entirely different matters. Mr. Chairman, I have never been afraid of any task assigned to me: I have never given ground in the presence of duty, nor turned tail before an antagonist. The hon. member for Témiscouata knows me well enough to realize that I am fully disposed to answer, to the best of my ability, any reasonable question asked of me.

As regards the hon. member for Laprairie-Napierville (Mr. Dupuis) he will allow me this evening to advise him, in the most well-intentioned language, to refrain from overstepping the mark when giving evidence of his animosity towards myself, an animosity that I fail to understand, but which appears to be inspired by people outside of this house.

Mr. DUPUIS (Translation): Mr. Chairman, may I be allowed—

Mr. SAUVE (Translation): If it pleases the committee I would like to finish my reply; the hon. member for Laprairie-Napierville can speak afterwards.

Mr. DUPUIS: Mr. Chairman, I rise to a point of order. The Postmaster General (Mr. Sauvé) claims that I have a personal feeling against him. I should like him to withdraw that remark because I speak here only as a member of parliament, as a representative of the people and in the interests of the people.

Mr. SAUVE (Translation): I never said what the hon. member for Laprairie-Napierville claims I did. I continue. The reproaches he hurled at me from the other side of the chamber fell mostly on the former Postmaster General (Mr. Veniot). The hon. member for Laprairie-Napierville had he any right to attack me in the peculiarly violent manner he used the other day? Had he any right to declare that he was being abused, to decry my treatment of postmasters in the county of Laprairie-Napierville? There are seventeen postmasters in that county; only one was dismissed. There you have my crime!

An hon. MEMBER: Injustice.

Mr. DUPUIS (Translation): I beg your pardon; if the hon. minister will consult his departmental files he will see that there were three or four dismissals.

Mr. POULIOT (Translation): That's nothing.

Mr. SAUVE (Translation): I say again that only one postmaster was dismissed in Laprairie, and his dismissal followed on a report of the commissioner appointed by order in council.

Mr. DUPUIS (Translation): Was he under oath?

Mr. SAUVE (Translation): A commissioner appointed by order in council. Under the Liberal administration such commissioners were never sworn and the hon. member made no protest.

Now, Mr. Chairman, if you please, let us settle this matter of dismissals; let us see how great was my guilt, how far my hon. friends on the Liberal side were justified in being scandalized at my conduct. Out of a grand total of 12,487 postmasters in Canada the present government, since August, 1930, has dismissed 650—

Mr. RHEAUME (Translation): Not very many!

Mr. SAUVE (Translation): —after investigations conducted by commissioners appointed according to the law and regulations laid down by preceding governments.

Mr. DUPUIS (Translation): Will the hon. minister allow a question?

Mr. SAUVE (Translation): Pardon me; when I am through with my statement the hon. member can speak as long as he wishes.

Mr. DUPUIS (Translation): Just one question; I would like to know, for the province of Quebec—

Mr. SAUVE (Translation): I will come to that. I made these dismissals following personal declarations of sitting members, or the reports of my departmental inspectors. Dismissals may be due to different causes: political partisanship, unsuitable premises or faulty administration. I did not cause a single

dismissal to be made without the authorization given under the law and the regulations established before I took up the Post Office Department.

Some hon. MEMBERS: Hear, hear.

Mr. SAUVE (Translation): Under the Liberal régime of my hon. friend the member from Laprairie-Napierville, 1,147 postmasters were dismissed, yes, 1,147.

Mr. DUPUIS (Translation): Within how many years?

Mr. SAUVE (Translation): Of which number 387 were made without any investigation whatsoever. From September, 1926, to August, 1930, the Liberal government dismissed 676 postmasters, 211 without the slightest investigation and without any complaints that may be found in the files of the department.

Some hon. MEMBERS (Translation): Shame! Shame!

Mr. GIROUARD (Translation): I shall wait patiently.

Mr. DUPUIS (Translation): What were their salaries?

Mr. SAUVE (Translation): I have been accused of undue severity towards the postmasters in Quebec, my own province; I have been called a traitor to my province.

Some hon. MEMBERS (Translation): For shame!

Mr. BOUCHARD (Translation): It is true.

Mr. SAUVE (Translation): There are other Liberals who do not speak in the same way.

An hon. MEMBER (Translation): In what way?

Mr. SAUVE (Translation): In such a way as to ensure me the praises of opponents whom I have fought. I ask my hon. friend to read Le Soleil of Quebec which says that I have always shown myself to be a loyal and honourable opponent. That is what I wish to be, now and always. It is said against me that I dismissed too many postmasters in Quebec province. There are 2,469 postmasters in Quebec, and 317 of them have been dismissed.

Mr. PERRAS (Translation): That means eight per cent.

Mr. SAUVE (Translation): Did our friends across the aisle dismiss a greater or a smaller number? If their dismissals were more numerous why did our friends of the opposition who in those days sat at the right of the Speaker, not protest against what to-day they call a revolting evil?

Mr. BOUCHARD (Translation): Dismissals were made with more fairness then.

Mr. LARUE (Translation): Yes, without investigation.

Mr. SAUVE (Translation): Our opponents dismissed postmasters without an inquiry and mostly without any complaint having been lodged against them.

An hon. MEMBER (Translation): That is what the Marine department does.

Mr. SAUVE (Translation): We are speaking of the Post Office Department. Our opponents dismissed, while they were in power in their last regime, 396 postmasters in Quebec province, and 189 between 1927 and 1930.

Mr. POULIOT (Translation): Those dismissed were not postmasters; they were Louis Philippe Pelletier's padlocks.

Mr. SAUVE (Translation): I like the natural talents of the hon. member for Temiscouata better than this witticism, which is rather strained. Hands off the grave of a man who would well know how to defend himself if he were here to-night.

Mr. VENIOT (Translation): Give us the number once more.

Mr. SAUVE (Translation): From 1927 to 1930, 189 in the province of Quebec.

An hon. MEMBER (Translation): Four years.

Mr. LARUE (Translation): Without an inquiry.

Mr. SAUVE (Translation): Such are the facts, Mr. Chairman, and that is the crime. On this matter of postmaster dismissals my hon. friend the ex-Postmaster General (Mr. Veniot)—towards whom I do not believe I have been lacking in consideration, in courtesy and in broadmindedness—had this to say last week:

"Under my administration 162 postmasters were dismissed for political partisanship. My successor has dismissed 474."

And our Liberal friends cried: shame! My hon. friend's answer was very clever; but it was not complete. What my hon. friend from Gloucester did not say, or did not wish to say was that besides the 162 he mentioned he also dismissed 317 postmasters without any investigation, without any complaint even, to be discovered in the departmental files.

Do our hon. friends of the opposition approve of this method of inquiry and this policy of dismissal under their own administration?

Mr. RHEAUME (Translation): You have talent for imitating bad examples.

Mr. SAUVE (Translation): The hon. member for St. Johns-Iberville says that the former Postmaster General set us a bad example?

Mr. RHEAUME (Translation): You followed his example.

Mr. SAUVE (Translation): This number, Mr. Chairman, shows political partisanship not on the part of the dismissed postmasters but on the part of the minister who dismissed them without an inquiry and without any complaint having been made against them.

Now, Mr. Chairman, it is not surprising—and my hon. friends on the opposite side will admit as much—that these dismissals have brought about reprisals, have given rise to complaints and local criticisms against postmasters who had taken an active part in politics. It has been said: the Postmaster General is dismissing postmasters in his own province, but very few are being let out in Ontario and in the west. That is so. Why? It is a matter of compaign customs, of political turn of mind, of precedents. The same minister has jurisdiction over postmasters in Ontario and in the western provinces. From that part of the country he has not received one-fourth as many complaints as have come from the maritime provinces and from the province of Quebec. That is why there have been fewer dismissals in Ontario and in the west than in the eastern provinces.

Mr. RAYMOND (Translation): Do you mean to imply that the people of Quebec are not so well-behaved as those in the other provinces?

Mr. SAUVE (Translation): The hon. member from Beauharnois is far too intelligent to have understood any such thing.

An hon. MEMBER (Translation): It does not show.

Mr. SAUVE (Translation): Yes, one can see it in his face. I say again that it was not a pleasant duty for me to make these dismissals. Those who know me, those who are not blinded by party spirit and are willing to do me justice, realize that this part of the administrative task assigned to me has been most unpleasant.

Mr. BOUCHARD (Translation): We know it. May I ask a question of the hon. minister?

Mr. SAUVE (Translation): You may.

Mr. BOUCHARD (Translation): Is it not a fact that in a number of cases these dismissals were insisted upon and demanded by the minister's colleagues? It was generally after one of his colleagues had passed through, my former opponent in Kamouraska riding—

Mr. POULIOT (Translation): The useless being.

Mr. BOUCHARD (Translation): —that these dismissals took place—unjust dismissals, as I shall have occasion to show later on.

Mr. SAUVE (Translation): The hon. member for Kamouraska has just said that he intends to deal more fully with this subject on some later occasion. With his permission I shall await his explanation before replying; no doubt by that time I will understand better just what he means.

Mr. BOUCHARD (Translation): You can ask the Solicitor General.

Mr. SAUVE (Translation): There are members in the opposition ranks who can bear witness to my sense of fair play. There are members on the other side who have made representations to me and been listened to; there are opposition members who have asked certain things of me, which I was only too glad to perform, when at all possible. I put politics behind me—

Mr. POULIOT (Translation): Hear, hear.

Mr. SAUVE (Translation): —I did not consider whether they were opposition or government members.

Some hon. MEMBERS (Translation): That is true.

Mr. SAUVE (Translation): Some are listening to me, others are absent, who can bear me out in this. I wanted to make this statement about dismissals in order to acquaint the house with the true facts and so that our Liberal friends should discern my administration from another angle than that used so far.

Mr. DUPUIS (Translation): May I be allowed to complete the history of the case I brought up on April 28, that of Noël Fontaine of Laprairie. The hon. minister has just stated that I should not complain because there have been but few dismissals in the county of Laprairie-Napierville. That is like someone saying to me: "Don't complain; the thieves robbed only one individual in Laprairie-Napierville. Let them be."

The case of Noël Fontaine is the most typical that can be brought to the attention of the house. The hon. Postmaster General says he means well and that I appear ill-disposed towards him. It seems to me that when I have spoken in the house I have

very often shown that I esteem the hon. minister, that I have a very high regard for him and that if he had made all these dismissals it was because his hand had been forced. In my remarks of April 28 concerning the Noël Fontaine case I stated clearly that the pressure came from the outside, that people in the county had appealed to the defeated candidate and he in turn to the minister. It was fair to the hon. minister to remember his words to me: "If Noël Fontaine did not mix in politics, if his wife alone went to meetings, Noël Fontaine has no cause to worry." I can go further and repeat what the minister said in Laval-Two Mountains when two Conservatives from my constituency went to see him. When the dismissal of Noël Fontaine became known in Laprairie two Conservatives and one Liberal called on the hon. minister who told them then and there: "Try to get Gustave Monette to withdraw his complaint and Noël Fontaine will not be interfered with. I wash my hands of the whole affair."

I am sure the hon. minister did not enjoy ordering these dismissals. I know, for instance, that when an investigation is made on a postmaster with the definite intention of relieving him of his functions, it is not a pleasant thing for the Postmaster General. To show more clearly how repulsive the dismissal of Noël Fontaine was to the hon. minister may I remind the house that the inquiry was held in February, 1931, and that the dismissal was not made until shortly before the provincial elections, when a delegation of Conservatives from Laprairie waited upon Mr. Gustave Monette and gave him to understand that if he did not cause Noël Fontaine to be dismissed the Conservatives would remain at home or would work for the Liberal candidate.

An hon. MEMBER (Translation): Shame!

Mr. DUPUIS (Translation): Those are the circumstances which justify the hon. minister and which explain his conciliatory attitude of a moment ago. I want to be just towards him. Nevertheless this iniquity has been perpetrated against a postmaster who remains independent, impartial and who only seeks to do his duty. Allow me to give you a few more details concerning the dismissal of Noël Fontaine. The investigation did not reveal a single thing to his discredit. So then the attackers turned on Mrs. Fontaine. False testimonies were used, and I can prove it. A lady testified at the inquiry, under orders from a Conservative leader—I should not employ that expression, for the great name of Conservative, as I understand it, cannot apply to people capable of such action. A vile individual forced an ailing woman to commit perjury by swearing that she had heard Mrs. Fontaine speak at one of my opponent's rallies during the last campaign. This same woman admitted two months later—the thing made her positively ill—in the presence of two witnesses, that she had sworn a false oath, that she was sorry and that she begged Mr. Fontaine to forgive her all the trouble she had caused him. What did they do? They got false witnesses to swear that the postmaster's wife had addressed a meeting held in the interests of Mr. Gustave Monette. Six witnesses, two Conservatives and four Liberals, swore under oath that Mrs. Fontaine was not present at the meeting in question; they established an alibi. Notwithstanding this, Noël Fontaine was dismissed. But how did they go about his dismissal? The investigating commissioner was Mr. Bruno Nantel—

Mr. RHEAUME (Translation): A good Liberal!

Mr. DUPUIS (Translation): Mr. Bruno Nantel made a report in which he quotes the evidence—I could mention the names of witnesses—and draws his own conclusions. Is there anything, I shall not say more disgusting, because that is unparliamentary, but more iniquitous than a report from which the names of witnesses who proved the alibi of Mrs. Fontaine are deleted. The following persons appeared as witnesses during the investigation: Jeannette, Mrs. Paul Bonneterre—I wish the hon. Postmaster General would inquire as to how, where and by whom these names were struck out—Samuel Racine, one of the leaders of the Conservative candidate, Wilfrid Ste. Marie, another good Conservative, David Racette, Emilien Lamarre, also a conservative, and Mrs. Arthur Lamarre. Six witnesses, two Conservatives and four Liberals, came and proved beyond all doubt that Mrs. Noel Fontaine, the same evening when she is accused of having attended the meeting of Mr. Gustave Monette, was at St. Mathieu de Laprairie. What did they do? They struck out the evidence of those six witnesses. I call the attention of the Postmaster General on that fact and I am asking him to explain to the house why those statements in favour of Noel Fontaine were struck out.

Mr. Chairman, I simply wanted to draw the attention of the committee to these facts that came to my knowledge only recently, after the remarks I made the other day. The question is serious enough to be worth mentioning.

I have only a few words to say about the very fair request that I made to the hon.

Postmaster General. I addressed him very courteously, and I shall now say it in English.

At page 2985 of Hansard will be found my question to the hon. Postmaster General:

May I ask the hon. Postmaster General when he intends to continue with the estimates of his department?

To this question the minister gave quite a vague answer. I do not blame him. He might not have been in a position to answer definitely, because, as I understand, it was a matter to be decided by the cabinet. He said:

I have no objection to discuss the estimates of my department immediately if the rules so permit. I will submit them again to the house when the rules permit me.

I repeat, that is not an answer to my question. Then the right hon. Prime Minister brought forward another matter altogether. When he was through I said:

A few minutes ago I asked the hon. Postmaster General when he expected to proceed with his estimates. As he seems to be unable to answer, I would ask the right hon. the Prime Minister if he is able to tell the house when the Postmaster General will proceed with his estimates.

What did the right hon. Prime Minister answer? He said that I had insulted the Postmaster General. I did not catch that at the time because the right hon. gentleman spoke in an undertone, otherwise I would have asked him in all fairness where and when and in what manner I had insulted the hon. Postmaster General.

Mr. MANION: It is not a compliment to say that a minister cannot himself answer a question.

Mr. DUPUIS: It was only my interpretation of the fact that as the Postmaster General was not able to decide the matter alone it might have been decided by the Prime Minister. It was not intended as an insult at all. If it was an insult it would have been the duty of the Prime Minister to ask me to withdraw my remarks, because I have no right to insult a member of this house.

Mr. POULIOT: And no insult ever came out of your mouth.

Mr. DUPUIS: I bring this matter up because I do not want to have the reputation of insulting anybody. If the hon. Minister of Railways and Canals would ask my good friend Mr. Monette, my opponent at the last election, I am confident he would tell the minister that I never insulted anybody even in the heat of the campaign, and it was a very strenuous fight. It was very unfair on the part of the Prime Minister to say that I insulted anybody.

Mr. POULIOT: Never mind.

Mr. DUPUIS: I should like the Prime Minister—he is not in his seat at present—to withdraw his statement. If I did insult the Postmaster General I would expect him to ask me to withdraw what I had said.

Mr. POULIOT: The Prime Minister will withdraw the next time he comes to the house.

Mr. GIROUARD (Translation): The hon. Postmaster General spoke, a few moments ago, of the discussion that took place when his estimates were submitted to the committee, on April 28th. On that occasion I called his attention on the activities of a man named Garfield MacKinnon and I asked him to be kind enough to say what his department intended to do.

Mr. SAUVE (Translation): Mr. Chairman, in reply to the hon. member for Drummond-Arthabaska, I must say that the information I gave the other day to this house has been corroborated by the legal adviser of the department.

Mr. GIROUARD (Translation): Based upon what?

Mr. SAUVE (Translation): Based upon the fact that MacKinnon has a right to form an association, to ask the rural mail carriers to become members of it and to exact a fee of $5 to cover organization expenses. He promises them that by being members of that association they will be better protected. The hon. member for Drummond-Arthabaska, who is a good lawyer, will admit that I should not be blamed for not having taken legal proceedings against that organizer. Perhaps he will say: Yes, but the Postmaster General received complaints or an affidavit signed by three citizens of Megantic. From a legal point of view can that affidavit be taken into consideration by the department? I am informed that it cannot, because it bears three signatures. The affidavit says that at the end of January, 1932, a man named Garfield MacKinnon, who styles himself as secretary of the Rural Mail Carriers' Association, called at the homes of the undersigned, and asked them to contribute a sum of $5 as mail carriers, failing which they would lose their contract. It says also that the said Joseph Cote was the only one to pay $5 and the others refused to do so. That is the statement of Antonio Boulanger, Wilfrid Boulé and Joseph Côté. Is that affidavit sufficient evidence to allow the post office department to prosecute that

promoter? It is not, according to the information I received from the legal adviser of my department. We advised the inspectors throughout the province and the whole country that MacKinnon was not authorized by the Post Office Department to form such an organization and that the rural mail carriers were not bound to listen to his representations or threats. We even issued a public statement to that effect, and we asked all our inspectors and superintendants to take up the matter and to warn the people that the Post Office Department had nothing whatever to do with that promoter.

Mr. Chairman, if that man MacKinnon commits any fraud in a province, it is up to the Attorney General of that province to prosecute him or else let the people whom he has deceived lay a complaint with the Attorney General.

Mr. GIROUARD (Translation): The hon. Postmaster General is perfectly right in saying that this man MacKinnon has the right to organize the rural mail carriers; to that extent, certainly there is nothing wrong. He has also the right to exact $5 from the mail carriers who wish to join his association. If the activities of that man were limited to these two things, the Postmaster General may be sure that I would not object. The only point on which the Postmaster General has some doubt is whether the sworn statement that was sent to him by the hon. member for Megantic (Roberge) is sufficient to establish before the courts that MacKinnon obtained money under false pretences. Here is a man going through all the parishes of the province of Quebec—and others, I presume—gathering the mail carriers together and telling them that they will lose their contract, unless they pay him a sum of $5. That is the kind of pretence that induces the mail carriers to pay $5 in order to join the association.

I respectfully submit, Mr. Chairman, that such a threat is what might be called extortion and according to the provisions of the criminal code the department has a perfect right to prosecute that man MacKinnon. The evidence in the hands of the department is complete. The hon. member for Megantic has offered the Postmaster General to bring three witnesses to prove the facts. To tell these people that unless they pay him $5 they will lose their contract shows very clearly that MacKinnon was extorting money. The hon. Postmaster General has three witnesses at his disposal.

Mr. SAUVE (Translation): How could the Postmaster General deal with a man who is not in his employ?

[Mr. Sauvé.]

Mr. GIROUARD (Translation): The hon. Postmaster General will easily understand that it is a question of public interest. Here is a man who travels through our counties and obtains money in the way that I have just mentioned. Therefore it seems to me that if there is anybody that is interested in protecting his employees or the people connected with the Post Office Department, it should be the Postmaster General. I think his reputation is at stake. I don't reproach him with not having taken any steps before this very day, for he had not enough evidence; but he has it now, thanks to the activities of the hon. member for Megantic. Now the hon. Postmaster General says that anybody can lay a complaint: either the Attorney General of the province of Quebec or the person who has been deceived. In this case I respectfully submit that it is for the Post Office Department to see that the mail carriers in the different provinces are not victimized by cheats and swindlers who are acting in the way that I have mentioned in order to extort five dollars from people under contract with the government. By his threats, MacKinnon leaves the people under the impression that he has some influence on the Postmaster General.

Mr. Chairman, I am not unaware of the fact that some Conservative members, being deceived by MacKinnon whom they didn't know, accompanied him when he made his tour of the province. The presence of these Conservative members or candidates alongside of MacKinnon led the people to believe that he had a certain influence with the Postmaster General or else that he was an employee of the department. I shall not speak any further on this subject, but I most respectfully submit that it is about time that the Post Office Department should prosecute MacKinnon.

Mr. SAUVE (Translation): Does the hon. member mean that this affidavit is legal and can be accepted by a court?

Mr. GIROUARD (Translation): MacKinnon can be charged not with perjury, but extortion. Whether it is a sworn statement or not, that has no effect on the charge to be laid against MacKinnon, because, as I already said, it is not a charge of perjury but one of extortion and the department has three witnesses to prove it.

Mr. SAUVE (Translation): Does my hon. friend not think that it is up to the party that has been wronged to prosecute?

Mr. HOWARD (Translation): No.

Mr. GIROUARD (Translation): It is very well in a private case; but here is a question

of public interest and under the circumstances as I have mentioned a moment ago, the most interested party is the Post Office Department.

Mr. VENIOT (Translation): Mr. Chairman, I have no intention of discussing the estimates of the hon. Postmaster General to-night. As I thought he would not be able to get through to-night I intended to discuss them later on. But since the activities of that Mr. MacKinnon have been brought up again to the attention of the house, I think it is my duty as a former Postmaster General to say a few words about the behaviour of that gentleman while I had the honour of being at the head of that department.

In 1928 my attention was called on the activities of Mr. Garfield MacKinnon. I gave instructions for an investigation to be made and I found out that Mr. MacKinnon was going through the different districts of the country. I even saw him in my own constituency. I did not know then whether he was authorized by the Post Office Department to canvas the rural mail carriers such as he was doing. Upon my return to the department I made inquiries and Mr. Anderson, superintendent of mail contracts, informed me that Mr. MacKinnon was not connected at all with the Post Office Department and that he had organized an association which was not recognized by the department. We endeavoured to get some evidence about the activities of that gentleman and his false representations to the mail carriers. Had I been able to secure affidavits such as those of which the hon. Postmaster General has now in his possession I would have prosecuted Mr. MacKinnon; but we had none, and for several reasons. When we saw that we could not secure any evidence, I publicly denounced in this house the activities of Mr. MacKinnon. At that same time I sent—

Mr. SAUVE (Translation): The postmasters were warned.

Mr. VENIOT (Translation): I sent a circular letter to all the mail carriers warning them against MacKinnon. That was on the eve of the election in 1930 and Mr. MacKinnon was then pleading for the mail carriers.

A debate took place in this house in which four or five present members of the government took part. They were urging an increase in the price paid to the mail carriers and they even pledged themselves,—I have here their very words—if they came into power, to give the mail carriers a monthly salary or else to pay them at the rate of $70 a mile. Hon. gentlemen promised to carry out that change upon their coming into power. They are now in power, but they have never kept their word. To prove what I have just said, I have here a circular letter from the Conservative party in which they criticize the then Postmaster General and promise to raise the salaries or the rate allowed in the rural mail contracts. They were to give rural mail carriers a monthly salary or $70 per mile.

Mr. MacKinnon was then going throughout the country pretending that he had a formal promise from the present members of the government, who were then members of the opposition. When our Conservative friends came into power, MacKinnon asked them to fulfil their promises, but he did not succeed. And since then MacKinnon still travels around and states that he has the promise of hon. Mr. Sauve, Postmaster General, and hon. Mr. Guthrie, Minister of Justice, that they are both in favour of a rate of $70 per mile for rural mail contracts, or else a monthly salary, and the mail carriers being placed under the Civil Service Commission.

Moreover, some of the French-Canadian members from the province of Quebec attended meetings at which they are reported as having asserted that they, as Conservative members of this house, knew of hon. Mr. Sauvé and hon. Mr. Guthrie being in favour of that plan. Acting on the faith of these promises MacKinnon asked the mail carriers to pay him five dollars. I want to be well understood; I am not saying that the Postmaster General is responsible for what happened, but I want him to know—

Mr. SAUVE (Translation): I know pretty well.

Mr. VENIOT (Translation): —what is going on in his own province.

Mr. POULIOT (Translation) Hear, hear!

Mr. VENIOT (Translation): I want the hon. Postmaster General to know that some hon. members who are supporting him as members of the government, some members from the province of Quebec, are attending these meetings and are telling the people—I shall give some names—

Mr. POULIOT (Translation): Very bad, very bad.

Mr. VENIOT (Translation): —telling the people that the Postmaster General and the Minister of Justice are ready to adopt MacKinnon's plan.

Mr. SAUVE (Translation): Would the hon. member give the names?

Mr. VENIOT (Translation): I am going to give them right here.

Some hon. MEMBERS (Translation): Give them out.

Mr. VENIOT (Translation): I have before me a circular letter from MacKinnon which is written both in French and English. I shall now read it in both languages:

Assemblée de l'Association des courriers ruraux
Richmond, Qué., 22 décembre 1931.

M. W. Provencher,
R.R. I. Bromptonville, Qué.

Une assemblée de l'Association des Courriers ruraux du comté sera tenue, à Richmond, à l'hôtel-de-ville, mardi soir, le 22 décembre, à 8 heures, p.m.

Votre dévoué député à Ottawa, M. François-Joseph Laflèche, sera présent et adressera la parole. Tous les courriers ruraux et entrepreneurs de malles, soit de bureau de poste à bureau de poste, ou de gare au bureau de poste, sont instamment priés d'assister à cette assemblée où l'on discutera de questions concernant l'amélioration de la situation des courriers ruraux. Qu'on soit présent à tout prix!

Votre dévoué,
Garfield MacKinnon,
Secrétaire de l'Association des
Courriers Ruraux Canadiens.

Mail Contractors Association Meeting
Richmond, Que., December 22, 1931.

Dear Sir,

An Association meeting of all the Mail Contractors for the County will be held in Richmond, in the Town Hall, on Tuesday evening, December 22nd, at eight o'clock.

Your Worthy Representative, and member of Parliament, Mr. François Joseph Laflèche, will be present and address the meeting.

All the Rural mail contractors, and The Post Office to Post Office mail contractors, and the Post Office to Railway Station Mail Contractors, are urgently requested to attend the meeting as matters of great benefit to the mail contractors will be discussed.

Kindly arrange to attend this meeting without fail.

Yours very faithfully,
Garfield MacKinnon, Secretary,
Canadian Mail
Contractors Association.

P.S.—If there are former contractors of recent time in your locality, kindly invite them to attend meeting also.

This meeting was held. Garfield MacKinnon delivered a speech and the hon. member for Richmond-Wolfe also spoke at the meeting.

Mr. CASGRAIN (Translation): This is more serious.

Mr. VENIOT (Translation): According to a report of this meeting which I have here there were between 50 and 60 persons present.

Mr. SAUVE (Translation): At Brompton?

[Mr. Sauvé.]

Mr. VENIOT (Translation): At Bromptonville.

Mr. HACKETT (Translation): At Richmond.

Mr. VENIOT (Translation): I will read this report in English.

An hon. MEMBER (Translation): Oh, oh.

Mr. VENIOT: It is to the effect that the hon. member for Richmond-Wolfe had spoken at the meeting and had said that the hon. the Postmaster General and the hon. the Minister of Justice were in favour of an allowance to mail contractors of $70 a mile.

Mr. LAFLECHE (Translation): This is absolutely false. I will tell the hon. member he is speaking an untruth.

Mr. VENIOT (Translation): Did you speak at the meeting?

Mr. LAFLECHE (Translation): Certainly, sir.

Mr. VENIOT (Translation): And you deny—

Mr. LAFLECHE (Translation): I deny having said what you have claimed to-night.

Mr. VENIOT (Translation): I am pleased to learn that the hon. member denies, and that for two reasons: the people who were present will read the hon. member's denial—

Mr. LAFLECHE (Translation): I hope so.

Mr. VENIOT (Translation): —and they will judge thereby who speaks the truth.

Mr. LAFLECHE (Translation): That is understood. They will observe that the party who wrote this report lied and that you are lying at the same time.

Mr. VENIOT (Translation): Mr. Chairman, I ask the hon. member to withdraw his words. He has no right to say in this chamber that an hon. member lies.

Mr. LAFLECHE (Translation): I do not say you lie but that you distort the facts.

Mr. VENIOT (Translation): That is still worse.

Mr. LAFLECHE (Translation): If it is worse, all the better.

Mr. VENIOT (Translation): If the hon. member wishes to deny, all he need say is that what I am reading is untrue.

Mr. LAFLECHE (Translation): And I do say so.

Mr. VENIOT (Translation): However, withdraw your remarks.

Mr. LAFLECHE (Translation): You are ill-informed.

Mr. VENIOT (Translation): Learn to choose you words when addressing me, because I am too old a man to have you call me a liar.

Mr. LAFLECHE (Translation): You reproduce the letter of a liar.

Mr. VENIOT (Translation): If the hon. member were any kind of a man he would walk out and take his medicine from me, old as I am.

Mr. LAFLECHE (Translation): That makes no difference.

Mr. VENIOT (Translation): Old as I am, I can give it to him.

Mr. LAFLECHE (Translation): I have met stronger men.

Mr. VENIOT (Translation): The hon. member does not deny being at the meeting.

Mr. LAFLECHE (Translation): No, I do not deny it.

Mr. VENIOT (Translation): Could the hon. member tell the committee what kind of a speech he delivered on that occasion.

Mr. HACKETT (Translation): A fine speech.

Mr. VENIOT (Translation): Would he deliver here the same speech he delivered that night?

Mr. LAFLECHE (Translation): What speech?

Mr. VENIOT (Translation): You spoke at that meeting?

Mr. LAFLECHE (Translation): What did I say at that meeting?

Mr. VENIOT (Translation): You spoke and I am asking you whether you would deliver the same speech to-night?

Mr. LAFLECHE (Translation): What speech?

Mr. VENIOT (Translation): I did not deliver it, you know all about it.

Mr. LAFLECHE (Translation): If you know nothing about it, don't mention it.

Mr. VENIOT (Translation): The letter I have here charges you with—

Mr. LAFLECHE (Translation): That is nothing, that is some Tobin talk.

Mr. VENIOT (Translation): That letter charges you with having said that the hon. Mr. Sauvé was in favour of...

Mr. LAFLECHE (Translation): I positively deny having said that.

Mr. VENIOT (Translation): You deny it?

Mr. GAGNON (Translation): Would you have any objection to telling us who signed that letter?

Mr. VENIOT (Translation): I have not the right to tell but I will use it.

Mr. LAFLECHE (Translation): You have the right to make charges, but you have not the right to say whence they come?

Mr. VENIOT (Translation): Sit down.

An hon. MEMBER (Translation): It rubs in.

Mr. VENIOT (Translation): It rubs in.

Mr. LAFLECHE (Translation): It does not rub in at all.

Mr. VENIOT (Translation): The man is William Provencher.

Mr. LAFLECHE (Translation): He is Tobin's man, that is not surprising.

Mr. VENIOT (Translation): Provencher is as honest as you are.

Mr. LAFLECHE (Translation): That is not true, he is not as honest as I am. He is a man who refuses to pay his employees.

Mr. VENIOT (Translation): Mr. Chairman, I will go further now. Provencher was the mail carrier and I hold in my hand the original notice advising him of the renewal of his mail contract.

Mr. LAFLECHE (Translation): You may possibly choose to be Tobin's "dust-pan".

Mr. VENIOT (Translation): You are excited, sit down.

Mr. CASGRAIN (Translation): Withdraw that statement.

Mr. LAPOINTE (Translation): Mr. Chairman, I rise to a point of order. The hon. member for Richmond-Wolfe has in a single sentence twice infringed the rule. He must withdraw the word "dust-pan", and his attack against a member of another chamber.

Mr. LAFLECHE (Translation): I withdraw the word if it is unparliamentary, but inwardly...

Mr. VENIOT (Translation): I want him to withdraw according to the rules of the house.

The ACTING CHAIRMAN (Mr. Morand) (Translation): That is unnecessary, he has withdrawn the word.

Mr. VENIOT (Translation): That is not sufficient.

Mr. LAPOINTE (Translation): Is it possible to preserve order?

Mr. VENIOT (Translation): The hon. member is so excited that he is not afraid to address the house in that manner. The hon. member is too excited to know how to express himself in this chamber.

Mr. LAFLECHE (Translation): Start by being a gentleman and the others will follow your example.

An hon. MEMBER (Translation): Oh, oh!

Mr. VENIOT: If he did lose his job he has got a good one to take its place. No one can fool the public like hon. members did in the last elections. I am prepared to obey the rules, Mr. Chairman, but I ask that you keep order on the other side of the chamber and not allow interruptions from those who do not understand me when I am speaking in French.

Mr. LAFLECHE (Translation): Speak in French.

Mr. VENIOT (Translation): The hon. member tells me to speak in French. If I had had during my youth the same opportunity as the hon. member to acquire an excellent French education under the just laws of the province of Quebec, instead of having to suffer the effects of the persecution directed against my language, I would speak French better than he does to-day.

Some hon. MEMBERS (Translation): Hear! hear!

Mr. VENIOT (Translation): If any one wants to examine closely the language used by this gentleman and the language I use, I ask myself whether my language would not be more proper than his.

I hold in my hand the notice which the superintendent of mail contracts forwarded to Provencher advising him that his contract had been renewed for a period of four years at the rate of $200 as in the past, without the formality of calling for tenders. What happened? He receives a notice that his contract will be continued. Following the meeting attended by the hon. member for Richmond-Wolfe when Provencher refused to subscribe the $5 demanded, he receives a notice that his contract is not renewed and that tenders will be called for.

[Mr. Veniot.]

Mr. LAFLECHE (Translation): That is not the reason.

Mr. VENIOT (Translation): I did not say what was the reason. The hon. member is getting excited again.

Tenders are called for and received. Provencher put in a tender for $595; a man named Richer for $800; one Blake for $825, and one Boulanger for $875. The contract was awarded to Richer at the price of the lowest tender, that submitted by Provencher.

Richer had put in a tender for $800 and Provencher for $500, and Richer learnt that he would secure the contract if he would lower his tender price to $595. That happened after the meeting of December 22nd at which Provencher refused to pay $5 to MacKinnon. I do not say that is the reason.

Mr. LAFLECHE (Translation): There is no connection.

Mr. VENIOT (Translation): The Post Office Department gave me these figures. Surely, Mr. Chairman, they are correct. Surely, the hon. member for Richmond-Wolfe will not say these figures are false. If the figures are incorrect, I have been deceived by the Post Office Department.

Mr. LAFLECHE (Translation): You have been deceived principally by Provencher.

Mr. VENIOT (Translation): I am certain I have not been deceived. Now, Mr. Chairman, having acquainted you with MacKinnon's conduct, I do not ask you to take action—

Mr. LAFLECHE (Translation): Ask Taschereau.

Mr. BOULANGER (Translation): Be intelligent.

Mr. VENIOT (Translation): How sad, Mr. Chairman. I regret very much that my language and my remarks should have excited the hon. member for Richmond-Wolfe.

Mr. LAFLECHE (Translation): There is not as much excitement as you imagine.

Mr. VENIOT (Translation): I had always taken him for a perfect gentleman, and I still regard him as such, but the hon. member forgot himself in his excitement.

Mr. LAFLECHE (Translation): He did not forget himself.

Mr. PERRAS (Translation): Mr. Chairman, I rise to a point of order. I submit that when Mr. Taschereau's name is mentioned in this chamber he should be called the Hon. Mr. Taschereau.

Mr. VENIOT (Translation): Now, sir, I am putting you on your guard. I am not asking you to institute proceedings against MacKinnon.

Mr. LAFLECHE (Translation): He has been doing that for the past twelve years.

Mr. VENIOT (Translation): But I again ask you to renew, if you have not already done so, the notices issued in a circular letter, two or three years ago, to all small contractors, to urge mail carriers not to have anything to do with this man who is at the head of an organization which the Post Office Department does not recognize. I believe that is all the minister can do under the circumstances. After that, should the carriers want, as we sometimes say, to let themselves be fooled by this Mr. MacKinnon, let them suffer the consequences of their foolishness.

Mr. SAUVE (Translation): Mr. Chairman, I may say that a statement will be given to the newspapers within a few days which will produce the effect desired by the hon. member for Gloucester.

Mr. POULIOT (Translation): Mr. Chairman, the honourable Postmaster General has spoken of the dismissals that have occurred in the province of Quebec. I do not intend to delay the house discussing this particular subject, but I do wish to point out that at the time his predecessor, the honourable Louis-Philippe Pelletier was appointed Postmaster General, the powers that be ordered the dismissal of so many postmasters, that one need not be surprised that there should have been to some extent certain reprisals when the Liberal party assumed office in 1921. Now, should the reprisals be kept up ever lastingly, this thing will never end.

Reference was made a moment ago to dismissals that took place upon the representations of members. I noted among others that of a postmaster whom I was instrumental in appointing and who afterwards canvassed against me with the use of liquor which he dispensed in the post office. The situation being as it was, I deemed it my duty to ask for his dismissal. I do not think the department has any record on the matter, but they had my word. I supplied the honourable Postmaster General with full explanations and outlined the whole case.

Another thing that impresses me in connection with the suggestion I submitted a moment ago to the honourable Postmaster General—and I thank him for having so favourably received what I did say—I wish to say that in the province of Quebec the Conservative members did not behave too badly in connection with the post offices since there were only 78 dismissals—according to the return secured by my honourable colleague from Drummond-Arthabaska (Mr. Girouard)—in counties represented in the house by Conservative members. On the other hand, 160 dismissals were made at the request of defeated candidates.

An hon. MEMBER (Translation): That is a fact.

Mr. CASGRAIN (Translation): That is wrong.

Mr. POULIOT (Translation): Those gentlemen seem to look upon these demands for dismissals as a form of sport.

That is why I wish to complete the suggestion I made, a short while ago, to the hon. Postmaster General, and request him that all complaints against postmasters be made by affidavit; that two or three affidavits at least, be required from responsible and disinterested persons. The defeated candidates have a perfect right to request the dismissal of postmasters, however, in such cases, their requests should be supported by an affidavit. This would result in giving a fighting chance to postmasters and a reason for the hon. Postmaster General to act. A member would be entitled to request the dismissal of a postmaster, and even the department would be required to conform itself to the complaints lodged by the member. I think this suggestion is but a fair one towards my colleagues who, to-day, support the government. If they continue to behave as they have done since the beginning—I am referring simply to the members who are in the house—things will run smoothly. I must congratulate the hon. member for Chateauguay-Huntingdon. I do not know what has transpired since, however, when the report was published there had been no dismissals in his county. I think he has given proof of broadmindedness. I shall, perhaps, have an opportunity of discussing with him another subject, when the dairy industry question comes up, however, to use an English proverb "I give the devil his due."

Previous to referring to the de Sully affair, I would like to inquire from the hon. Postmaster General, whether he has any objection to appointing a commissioner who would take the oath, in connection with the St. Eusèbe de Cabano inquiry, or whether he intends to send a commissioner to hold the inquiry, without being sworn in, and have him, later on, sworn in.

Mr. SAUVE (Translation): I have no idea who will be the commissioner holding the inquiry at St. Eusèbe de Cabano; it is not the practice to have commissioners sworn in. It is likely that the person who will hold the inquiry will not need to take the oath to dispense justice. I like to follow the precedent established.

Mr. VENIOT (Translation): So far as I am concerned, I never established such a precedent. I must frankly confess that I was unaware whether they were sworn in or not, however, I never established the principle that they should not be. I was unaware of the fact, and never gave it a thought.

Mr. SAUVE (Translation): The practice was introduced before my hon. friend became Postmaster General.

Mr. BOULANGER (Translation): I should like to obtain some information from the Postmaster General in connection with a subject which was referred to me some time ago. It especially concerns the staff of the Quebec post office. I suppose what takes place in Quebec also happens in all post offices. I am informed that the employees of the Quebec post office have to submit to two tests yearly. In other departments, employees must undergo one entrance examination, after that they are not further troubled. However, it seems that in the post office they have to undergo two tests a year, one on the Postal Guide and another in connection with the assortment of mail. I was further informed that lately, the employees at Quebec were threatened with a cut in their salaries if they did not pass successfully the two yearly tests. I do not know exactly what truth there is in such information, however, I understand that civil servants' salaries are fixed by act of parliament and that the various chiefs of departments or even the minister directing the department, have no right to reduce the salaries of employees. Can the hon. Postmaster General inform me whether this is a fact or not?

With reference to the same subject, might I request the hon. Postmaster General to show some consideration for the old civil servants of his department. It is contended that it is quite a task for these old employees to undergo with success these yearly tests. For instance, those who have reached 50 years are not gifted with the memory they had when younger. In consideration of their long years of service, I think they should be, at least, exempted from one of these tests, and only be required to pass the Postal Guide test. Moreover, I am told to obtain the yearly statutory increase, it is but necessary to pass the Postal Guide test. Lately, in Quebec, they have become much stricter and in order to obtain the statutory increase, one must undergo both tests, namely the Postal Guide and the one connected with the assortment of mail. I have been informed of this fact.

Mr. SAUVE (Translation): In reply to the hon. member for Bellechasse, I must state that I have never heard that any employee was threatened with the loss of his position for refusing to pass the test. They might have been told, perhaps, that they would receive no increase.

As to the tests, the post office employees have to undergo it yearly. Those who have 20 or 25 years service and are 50 years old, have still a better knowledge of the subject matter they are examined upon than the younger employees. As regards suggestion of the hon. member with reference to being lenient towards certain employees, I shall take note of it and communicate with those in charge of the post office at Quebec.

Mr. BOULANGER (Translation): I was shown a letter that I have not with me. If I remember well, it was written by the postmaster, at Quebec, to an employee and was couched in the following terms or thereabouts I quote from memory: "Sir, you have neglected to present yourself for the mail assortment test. You had better conform yourself to instructions received, otherwise your salary will be reduced." I do not think that the head official of a service has the right to threaten an employee with a cut in salary, as salary classification is fixed by statute.

I wish to thank the hon. Postmaster General for his encouraging words with reference to old employees. I would request him to specially look after those who have 20 or 25 years service and have reached the age of 50. This test in connection with mail assortment is rather a memory or mechanical affair. When a man has reached a certain age such a test is of a nature to embarrass him much more so than when he was a young man.

Mr. BOUCHARD (Translation): To follow up the few remarks which I addressed to the hon. Postmaster General in the course of this sitting, I simply wish to point out to him the fact that the visit in my county of my genial friend the hon. Solicitor General, in the course of the provincial election, coincided exactly with the change of postmaster at St. Pascal. I am aware that representations were made to the hon. Postmaster General. It was not unknown that the the Solicitor General knew how to reach the ear of the Post-

master General. Again—it affords me pleasure to repeat it—I have a high esteem for the Postmaster General and I am quite convinced that, above all, he bears no ill feeling towards anyone. He is too much of a countryman to harbour such thoughts. I think that, coming from my lips, he will not take exception to this term. But, perhaps, he allows himself to be too much solicited by the Solicitor General.

Mr. POULIOT (Translation): Hear, hear!

Mr. SAUVE (Translation): Not now.

Mr. BOUCHARD (Translation): No, not now, because the ocean intervenes.

When the Solicitor General visited my riding in the course of the provincial election, he was accompanied by an escort. He had taken the precaution to especially bring with him loud speakers to be well heard by a meeting numbering 250 people. His main success was exactly to have the postmaster at St. Pascal replaced.

Mr. RHEAUME (Translation): That is an accomplishment.

Mr. BOUCHARD (Translation): I should like to be informed by the hon. Postmaster General why Mrs. Côté was dismissed at St. Pascal. The reason given, according to the evidence on file, was her age, I would, therefore, like to be informed whether the Postmaster General is aware of the age of the person who replaced her.

Mr. RHEAUME (Translation): A lady's age is never mentioned.

Mr. SAUVE (Translation): Mrs. Coté was dismissed on the report of the administrator, at Quebec, because of her age. I am informed that the person who replaced her is younger than her.

Mr. BOUCHARD (Translation): Could the hon. Postmaster General inform the house, exactly, how many years younger?

Mr. SAUVE (Translation): No, not exactly.

Mr. GAGNON (Translation): Will the hon. member allow me to ask him a question?

Mr. BOUCHARD (Translation): Certainly.

Mr. GAGNON (Translation): I understand that the hon. member has the complete file before him in connection with the dismissal of the postmistress of St. Pascal?

Mr. BOUCHARD (Translation): Yes.

Mr. GAGNON (Translation): Could the hon. member quote one single letter from the Solicitor General requesting the dismissal of Mrs. Côté?

Mr. POULIOT (Translation): The Solicitor General does not write himself, his secretaries do the writing. That is why he has secretaries.

Mr. BOUCHARD (Translation): In answer to the hon. member for Dorchester, I cannot state that I have a letter from the Solicitor General, however, I am aware that urgent representations were made and I base my contentions on the coincidence with the visit of the Solicitor General and the dismissal. The date of the dismissal closely coincides with that of the election.

I am putting the question to the hon. Postmaster General who is certainly better informed than I am. He can tell me whether I am wrong or right in my suppositions. Note that I have nothing to say against this dismissal. What grieves me, however, is that they have dismissed a widow who was greatly in need of the income derived from that office. I simply say that the dismissal coincides with the visit—

Mr. POULIOT (Translation): —the visit of a cruel man.

Mr. BOUCHARD (Translation): —the visit of the Solicitor General.

I do not wish to protract the discussion on that matter, but I do want to ask the minister if he really thinks that there were sufficient reasons to dismiss the postmaster of Kamouraska, Mr. Edouard Guy. If he does, then what are these reasons? I am also wondering whether it were wise on the part of the Postmaster general to appoint a man who had previously been dismissed for other reasons than partisanship. It was not on account of partisanship that the predecessor of Mr. Guy, whom he later succeeded, was dismissed. Would the hon. Postmaster General give me some information about that?

Mr. SAUVE (Translation): The hon. member wants to know why the postmaster of Kamouraska was dismissed?

Mr. BOUCHARD (Translation): Yes, in the first place; then whether it is wise to appoint a former employee who has been dismissed. Mr. Langlais was dismissed after an investigation held at my request. The investigation showed clearly that, during the election of Hon. Mr. Stein, now Justice Stein, Langlais had distributed libellous pamphlets, a copy of which must be in the department's files. Langlais had sent these circulars through

the mail, and without any stamps. He was dismissed for mismanagement, not for partisanship. The investigation showed it very clearly. Then Mr. Guy took his place. After the investigation held about Mr. Guy, the Postmaster General appointed again to that position the man who had been dismissed, five or six years previously, for the reasons that I have just mentioned.

Mr. SAUVE (Translation): Mr. Chairman, I was unaware of the fact just mentioned by the hon. member. I am going to inquire about it. I frankly admit that no such case has ever been submitted to me, either for Kamouraska, or other counties.

As to the reasons for dismissing Mr. Edouard Guy, postmaster of Kamouraska, here they are:

> The postmaster has openly expressed his political opinion—that is the report of the commissioner—has attended political meetings and mingled with groups of people carried by truck to one of these meetings.
>
> He admits that he had discussed politics with friends and that he went to the camp of the men who were working at a wharf, there to "preach" his political faith. At a meeting in Kamouraska, he asked a man named Danjou to throw down the Conservative paper, Le Journal, and trample over it, that nobody would touch it. When he heard a drunken man yell at the Kamouraska meeting, he remarked to those who were near him: "That is the kind of men who are for the Conservatives." He stated to one Pelletier that "his people knew how to give contracts and that it would not be any better if the d . . . Conservatives came to power."

I think that postmaster was acting contrary to the law.

Mr. FAFARD (Translation): He would have been better, had he been deaf and dumb.

Mr. BOUCHARD (Translation): What surprises me about that investigation, is the fact that one of the principal witnesses was Colonel Beaubien, who spends the summer in Kamouraska, as a tourist. I would not like to say anything that might deprive our beautiful shores of their tourists, but Colonel Beaubien, if my information is correct, works in the Customs department and spends his time talking politics. Throughout the election he was busy recruiting votes and he was one of the principal witnesses at that inquiry. Is the law that applies to the post office department the same as that which obtains in the case of the Department of National Revenue? That is the first point that I would like to clear up.

Mr. SAUVE (Translation): I have to deal with the law that rules the Post Office department.

Mr. BOUCHARD (Translation): I would ask the hon. Postmaster General to draw that matter to the attention of his colleague, the minister of National Revenue, in order that, in the future, there may only be one weight and one measure in the government and that such things do not happen again. Witnesses have asserted that the postmaster had gone to a meeting in a truck with other people who were going to the same place. I have here an affidavit quite the opposite, in which he states that he went in his own car and attended very peacefully a political meeting at Rivière Ouelle. Some trouble occurred at that meeting, but he certainly was not responsible for the noise that was made. I could even read to the house several affidivits to that effect. And it is a man like Colonel Beaubien, who acted as a partisan, who spends his time making political propaganda, who appears as a witness. Without questioning the truth of his statement, one must however admit that he was a rather biased witness.

This is the last point that I want to bring to the attention of the Postmaster General. I am asking him to go through the file and to give me a square answer. If the documents which are in his hands prove that what I have just stated is right, can he tell me whether a man who distributes, through his post office, political circulars without stamps, and who has been dismissed, can be reinstated as postmaster, however staunch Conservative he may be?

Mr. RHEAUME (Translation): Certainly!

Mr. SAUVE Translation): The hon. member must remember the answer which I gave him a moment ago. I stated that I would study the question and that it had never been brought to my attention before.

Mr. BOUCHARD (Translation): If the facts are as I have stated to the Postmaster General—

Mr. SAUVE (Translation): After thinking it over, I shall make a decision.

Mr. DENIS (Translation): We have just witnessed a spectacle that is not much in favour of the province of Quebec, a real family quarrel. The unfortunate statements of the Postmaster General regarding the habits of the people of the province of Quebec are rather uncomplimentary for hon. members who represent that province in the house, and specially for its people. However, as the hon. member for St. Johns-Iberville said, I am still under the impression that the hon. minister shows much more skill in following bad advices, than in following good ones.

Nevertheless, this discussion has brought out the fact that the Postmaster General ordered these dismissals in a spirit of revenge, because the previous administration had committed the same wrong.

Mr. SAUVE (Translation): Pardon me, Mr. Chairman, if the hon. member wants to set a good example, why impute me such bad motives? He knows that I do not share them and that I do not harbour any such thoughts.

Mr. DENIS (Translation): I am glad to know it.

Mr. SAUVE (Translation): How many postmasters have I dismissed in the constituency of the hon. member?

Mr. DENIS (Translation): I shall not make any comparisons, because comparisons are always odious, specially when referring to wrong-doings. However, I am ready to admit that we must not put too much weight on the statements of the Postmaster General. If I were to give him any advice to restore the good reputation of the people of the province of Quebec, I would ask him to stop these dismissals, which are more or less unfair, specially when they serve political ends. It seems to me that both parties, Liberal and Conservative, have something more important to deal with than the dismissal of good civil servants because they were of such or such a political faith.

Mr. CASGRAIN (Translation): Hear, hear.

Mr. DENIS (Translation): If their services are satisfactory, I think they should be maintained in their position.

Now, Mr. Chairman, may I be permitted to ask the Postmaster General if the names of the temporary employees of the Post Office Department who were dismissed on the first of April, have been put on a new list of eligibles? Were the names of the chauffeurs who were let out, also placed on these lists? These men who paid a fee of $2 to take part in the examination to qualify for these positions, thought they were permanent. It is unfair that these employees be dismissed forever.

Mr. SAUVE (Translation): The hon. member will allow me to tell him that the case which he just mentioned falls under the Civil Service Commission, not the Postmaster General. I am informed that a list has been prepared and forwarded to the Civil Service Commission.

Mr. DENIS (Translation): Could the hon. Postmaster General inform me if a contract was awarded lately for the carrying of mails by motor cars in the city of Montreal, with a view to dismissing these chauffeurs? To whom was the contract awarded and were there any tenders asked for?

Mr. SAUVE (Translation): A trial contract was awarded, not because we wanted to dismiss the garage employees, but because we have discovered, after an investigation, that dishonest methods had been resorted to, calculated to deprive the department of certain receipts, by distributing gasoline to people outside the department. By this new trial contract, we have already saved $6,000.

Mr. DENIS (Translation): Could we know the name?

Mr. SAUVE (Translation): The minister has the right to cancel the contract whenever he wishes, for it is well understood that it was just a test, in order to know what was the most economical method; either the department carrying on the work, or a contractor, such as it is done elsewhere.

Mr. DENIS (Translation): Could we know the name and title of the person to whom the contract was awarded?

Mr. SAUVE (Translation): Mr. Ernest Laurent, of Montreal.

Mr. DENIS (Translation): Does he carry out the work himself, or has he let out a subcontract?

Mr. SAUVE (Translation): I do not think so. It was Mr. Ernest Laurent who accepted the contract. I think he looks after his business himself. Perhaps he has some employees, but he is the boss, according to the information I have.

Mr. DENIS (Translation): I do not know myself whether I am well informed or not, but I heard that a sub-contract was awarded to one Paul Denis.

Mr. LAFLECHE (Translation): Any relative of yours?

Mr. DENIS (Translation): He may be; I do not know.

Mr. SAUVE (Translation): According to my information, I know that Paul Denis is related to Laurent. Paul Denis has no contract, but he works for Laurent. He has more experience in this kind of work and he was employed under the administration which my hon. friend supported.

Mr. POULIOT (Translation): Mr. Chairman, I heard a moment ago the hon. member for Dorchester ask the hon. member for Kamouraska if he had seen a letter from the

hon. solicitor general in the files. The Solicitor General's letters are aerial, invisible; they are personal letters that reach the minister, but laymen like you and me, Mr. Chairman cannot see them.

This reminds me of a film of Grace Cunard, a serial which was a great success some twenty years ago and that was entitled "The Crushing Hand." The reason for my protesting against the numerous lady secretaries of the hon. Solicitor General is because these secretaries are carrying on a work whose results we know, but whose machinery we cannot see. The minister acts as a medium between defeated candidates who are a little sour-mouthed and each member of the government. I think we should put a stop to that, and when a defeated candidate wants to deal with a member of the government, he should send his communications directly to him and do away with such a costly and useless medium.

I revert now to the suggestion that I offered at first to the hon. Postmaster General. Before discussing each case, I want to make some preliminary remarks and state my position. If there were affidavits stating the complaints against the postmasters, sworn affidavits by responsible persons, the postmasters would then have a certain recourse either before the criminal or the civil courts, against those who gave the affidavits, should they not tell the truth.

Now I am going to give a typical case, that of Sully. The postmaster was dismissed —I shall not speak of the investigation—after the commissioner had insisted on hearing him. I think that is not fair, because a man is presumed innocent as long as he has not been found guilty. It is an elementary principle of British common law and specially of the criminal law. A man is not guilty, until it is proven otherwise. In the case of the commissioners, it is different. They want the postmaster to testify and prove his own case. They compel him to do so. In this connection, the Postmaster General has made a very timely decision and instructed the commissioners not to compel the postmasters to testify, but the commissioners told me that they would send the Postmaster General to a certain place which I cannot mention in this house. I was surprised to see that the commissioner to whom I refer had so little respect for the hon. minister, when the latter was proclaiming a principle of law so universally recognized, specially in the British Empire. The postmaster was nevertheless dismissed.

[Mr. Pouliot.]

Two men applied for the position. One even sent his application as soon as it was rumoured that the postmaster might be dismissed. He applied for the position long before the dismissal. I am glad to see the right honourable Prime Minister in his seat, because it was to him that the application was sent in the first place. That man, named Jean, applied first to the Prime Minister, and reminded him that he was a great war veteran and he was entitled to the position, should it become vacant. Upon instructions from the Prime Minister, his private secretary communicated with the Postmaster General to whom he forwarded Mr. Jean's letter; and, what is of the utmost importance, Mr. Chairman, is that the secretary of the right hon. Prime Minister mentions that the correspondence is being sent to the Postmaster General upon instructions from the Prime Minister.

The first letter from Jean to the right hon. Prime Minister is dated February 12, 1931. On February 17, 1931, Mr. Merriam informs Mr. Jean that he has forwarded his request to the hon. Postmaster General.

(Text)

"To be brought to the Minister's attention, please.

(Sgd.) A. W. Merriam,
Private Secretary."

There is a letter dated October 5, 1931, addressed to Mr. Jean, and which reads as follows:

"I am instructed by the Prime Minister to acknowledge receipt of your letter dated September 25."

You no doubt, know that the position of postmaster is relevant of the Civil Service Commission. Vacancies in such positions are advertised by this commission and candidates must forward their applications within the stipulated time as advertised. Veterans are always given preference over other candidates, pursuant to the act. I would therefore suggest that you address yourself directly to the Secretary of the Civil Service Commission, at Ottawa, and to the Postmaster General who has entire jurisdiction over his department.

At all events, I am submitting to him your request immediately.

This letter appeared in the file which was tabled in the house. I congratulate the right hon. Prime Minister for having instructed his secretary to forward such an answer to a veteran of the Great war.

Mr. Jean wrote to the hon. Postmaster General, on February 27, 1931. Mr. Gaboury, the deputy minister answered on March 4, 1931—note well this letter, sir:

"If it becomes necessary to make a change, the appointment of the new incumbent will be made by the Civil Service Commission. However, your application has been noted and will

be referred to that commission if there is occasion."

What happened? There is some correspondence which might indicate differently, however, I attach no importance to it. On September 19, 1931, Mr. Jean writes again to the hon. Postmaster General—a long time after March 4, 1931. The deputy minister answers on September 28, 1931:

If it becomes necessary to make a change, the permanent appointment of the new incumbent will be made by the Civil Service Commission. The minister, however has taken your application under consideration.

Mention was made of permanent appointment. First, there was but a question of the appointment which was to be made by the Civil Service Commission. Finally, following inquiries held in the county of Temiscouata, by people with whom the minister is well acquainted, and whom I do not care to name, so as not to place them in the limelight, on February 5, 1932, a person by the name of Tardif, a blacksmith, was appointed. Was he appointed by the Civil Service Commission as the deputy minister wrote on March 4, 1931? No, he was appointed temporarily by the hon. Postmaster General who set aside the veteran.

I communicated with the commission on this matter to inquire why the vacancy was not advertised. I received the answer that the postmaster had not been dismissed after an inquiry had been held, but that he had been suspended, and that was the reason why the notice had not been posted. I wish to inquire from the hon. Postmaster General whether he intends to re-establish in his office, Jean-Baptiste Plourde, the former postmaster? I shall continue then . . . . Will the hon. Postmaster General inform me whether he has the intention to reinstate former postmaster?

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again.

Mr. POULIOT (Translation): I had not much more to say.

Mr. BENNETT: There is a motion before the chair.

The CHAIRMAN (Mr. Morand): It is moved that the committee rise, report progress and ask leave to sit again.

Progress reported.

On motion of Mr. Bennett the house adjourned at 11.45 p.m.

41761—197½

Friday, May 20, 1932

The house met at eleven o'clock.

RAILWAY COMMITTEE

Mr. A. C. CASSELMAN (Grenville-Dundas) presented the third report of the select standing committee on railways, canals and telegraph lines.

Mr. CASSELMAN moved that the recommendations contained in the third report of the select standing committee on railways, canals and telegraph lines respecting the refund of $204 in regard to Bill No. 33, respecting the Montreal Central Terminal Company be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING

FINAL REPORT OF SPECIAL COMMITTEE—

FINDINGS AND RECOMMENDATIONS

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I desire to present the seventh and final report of the select standing committee on railways and shipping owned, operated and controlled by the government. I am very happy to say this is a unanimous report. It is as follows:

The select standing committee on railways and shipping owned, operated and controlled by the government beg leave to present the following as a seventh and final report:

Your committee to whom was referred for consideration and report the accounts and the estimates of the Canadian National Railways, the Canadian Government Merchant Marine, the Canadian National (West Indies) Steamships, Limited, and the various bills presented to parliament relating to the operations of the railways and shipping owned and controlled by the government, held eighteen public meetings, in the course of which they examined many witnesses, including three directors and the necessary executive officers of the company including the president.

1. Bill No. 21—

Your committee had under consideration Bill No. 21 "An Act respecting the Canadian National Railways and to authorize additional provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931."

The object of this bill was to authorize the Canadian National Railways to issue additional securities to the extent of $11,372,498.86, for the purpose for the year 1931 of financing where the amounts available from net operating income and investments were insufficient.

In other words the Canadian National Railways Financing Act, 1931, which authorized the issue of securities to the principal sum of $68,500,000 the estimated requirements for 1931, was insufficient for the purposes of the railway to the extent above mentioned, and

this bill became necessary by reason of the ascertained income deficit arising from the operations of the railways, and full explanation of this bill was given in the House of Commons by the Minister of Railways and your committee reported the same without amendment.

2. Bill No. 34—

Your committee also had under consideration Bill No. 34 "An Act respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1932."

The object of this bill was to authorize the Canadian National Railways to issue securities to the extent of $61,500,000 for the purpose during the year 1932 of financing where amounts available from net operating income or investments may be insufficient. This sum is made up of the following:—

(a) Net income deficits, including profit and loss, but not including interest on Dominion government advances, not exceeding	$42,784,610
(b) Equipment principal payments, sinking funds, miscellaneous maturing or matured notes and other obligations secured or unsecured, not exceeding	11,681,651
(c) Construction and betterments, including coordinations; acquisition of real or personal property, and working capital, not exceeding	7,033,738
Total	$61,500,000

The detailed statement of the financial requirements and estimated capital expenditures for the year ending December 31, 1932, was placed before your committee, amounting to the said sum of $61,500,000, and while the management of the system last year expressed their intention of reducing operating expenses and have put into effect economies which they affirm will approximate $28,000,000 in the years 1931 and 1932, yet the difference between estimated operating revenue and estimated operating expenses for the current year falls far short of meeting the interest on the funded debt in the hands of the public, which, without regard to any interest due to the government, this year amounts to the sum of $56,849,244.65, an increase in 12 months of $1,634,267.18. Reference to the annual report of the company shows that the net additional capital expenditure for the period of nine years from January 1, 1923, to December 31, 1931, amounts to the sum of $419,669,620.64 which has imposed an additional annual interest burden of $20,936,821 for the same period and accounts for approximately 37½ per cent in the increase of the annual interest charges due to the public. There is also $1,357,650 due the government for interest on unfunded debt.

In the light of the aforegoing it is difficult for your committee to appreciate, from a business standpoint, the wisdom of some of the capital expenditures made and included in the total increase above referred to. Doubtless had the present world depression not so adversely affected the system or continued for such a great length of time, better results from these capital expenditures would have accrued to the system. In view, therefore, of the results of the past two or three years, your committee strongly recommend that until there is marked improvement in the earnings of the system, capital expenditures should be limited strictly to the barest necessities, always consistent with efficiency.

Your committee had under consideration also the annual report for the year ending December 31, 1931, and have agreed to report the same.

3. Operating Expenditures—

The operating expenditures for the year 1932, exclusive of eastern lines, are estimated at $139,304,000, while the operating revenues for the same period are estimated at $157,248,000.

The operating revenues for the year 1931 amounted to the sum of $177,273,738, or approximately $20,000,000 more than the estimate for 1932.

In view of the rapid decline of the operating revenues, your committee are impelled to recommend that the most stringent economy be exercised by the management in all the controllable operating expenditures, and in this regard your committee recommend that with respect to executive officers and other salaried officials of the railway, a thorough revision of salaries downward be made. In the report of your committee for the year 1931, a specific recommendation to that effect was passed and in response thereto the report from the sub-committee of the board of directors, directed to the hon. the Minister of Railways and Canals, dated the 16th February, 1932, was submitted to your committee. This report announced that on July 31, 1931, a horizontal cut of ten per cent, affecting all officials and officers in receipt of salaries of $4,000 and over, became effective, and has resulted in an annual saving of $545,652, affecting in all 828 officials and officers. This means that the annual cost of the said 828 officials theretofore amounted to approximately $5,456,200. The sub-commitee of the board of directors were of opinion that specific rather than further horizontal reductions in salaries should be made, and stated that an examination of the salaries exceeding $5,000 was under way, having in view additional economies. No subsequent report has been received, but your committee concur that specific rather than a further horizontal reduction in salaries should be made, and in this connection desire to point out that in a statement submitted and produced to the committee, it would appear that as of July 21, 1931, there were 96 officials receiving $10,000 and over and 37 officials receiving $15,000 or over. Your committee are of opinion that the salaries paid to the high officials are excessive and should immediately be substantially reduced.

Your committee would further point out that there would seem to be a multiplicity of officials and the number of higher paid officials should be substantially reduced, especially those acting in the capacity of assistants to heads of departments. Your committee therefore recommend that the sub-committee of the board of directors set up to deal with this matter be instructed to put into effect immediately the principles underlying this recommendation.

Included in the activities of the sub-committee of the board dealing with the salaries of the

executive heads and other officials, was the subject matter of the remuneration received by the president. Under the terms of his contract of engagement dated September 23, 1929, the president shall receive a fixed annual salary of $75,000 per annum, without any extra fees or remuneration of any description. It has come to the attention of your committee that the president is still in receipt of an additional $5,000 fee from the Ontario Car Company and the special annual allowance for expenses not to be specifically accounted for approved by the board of directors on November 18, 1929, amounting to $15,000, and your committee recommend that the matter of the receipt of said fee of $5,000 shall be again considered by the board of directors with a view to its possible cancellation. With respect to the special allowance of $15,000 your committee recommend that the payment of the same be reviewed by the board of directors as being inconsistent with the terms of his contract of engagement.

Following the recommendation of your committee of last year, made on the suggestion of the president, a Royal Commission on Transportation has been set up by the government and is now functioning. This commission has not yet finished its labours or reported its findings. Your committee are not desirous of anticipating the findings of the commission but your committee are of the opinion that the report of the commission which it is anticipated will be brought down shortly should be studied with the greatest care, not only by the government itself, the systems of railways concerned, but by the Canadian people generally, so that the views of the commission may be thoroughly understood, and if deemed advisable given effect to at the next session of parliament.

4. Maritime Freight Rates Act and Eastern Lines—

Your committee have also had under consideration item No. 317 in the estimates providing for the payment to the Canadian National Railway Company as required by the Maritime Freight Rates Act of the deficit incurred during the period under review on eastern lines. The amount of the estimated deficit is $6,217,400, and in addition the sum of $1,750,000, representing the estimated amount by which the revenues of the lines will be lessened during the year by the reduction of rates applicable to eastern lines by the application of the Maritime Freight Rates Act. In view of the legislation existing your committee are of opinion that the amounts asked for are necessary and proper to give effect to the letter and spirit of the Maritime Freight Rates Act, and in the operation of the eastern lines. Your committee are, however, of the opinion that the two items above referred to, the deficit in operation of the eastern lines, and the amount required in operation of the eastern lines, and the amount required to reimburse the national railways for reductions in tolls under the application of the Maritime Freight Rates Act should not be included in the same estimate, and should be severed and shown separately, even if legislation to effect that end is necessary, and respectfully recommend that appropriate action in the premises be taken so as to provide that the amount required to provide for the payment of the deficit in operation on the eastern lines be entirely severed from the amount required to be paid in reduction of tolls under the application of the Maritime Freight Rates Act.

Your committee has also had under consideration item No. 316, being the amount required under the Maritime Freight Rates Act to provide for payment from time to time during the fiscal year 1932-33 of the difference, estimated by the Board of Railway Commissioners and certified by the said board to the Minister of Railways and Canals, as and when required by him, occuring on account of the application of the Maritime Freight Rates Act between the tariff tolls and the normal tolls, referred to in section 9 of the said act, on all traffic moved during 1932 by the independent railway companies mentioned therein, and your committee are of opinion that this amount is necessary to implement the provisions of the act in that regard and should be granted by parliament.

5. Canadian Government Merchant Marine—

Your committee have had under consideration item No. 314 in the estimates, relating to loan to the Canadian Government Merchant Marine, Limited, to be applied in payment of deficits in operations of the company and of the vessels under the company's control during the year ending December 31, 1932, amounting in all to $440,000, a decrease of $148,500 over the previous year.

Your committee have also considered the balance sheet of the company and are of the opinion that the said sum of $440,000 is required for the purpose of the company and should be granted by parliament. Your committee reiterate their views and believe that the time has come when the government should, if possible, abandon the policy of operating a government merchant marine, and if possible arrange for a sale or lease of the fleet, and where practicable, and not contrary to imperial or inter-dominion relations, make arrangements with other shipping companies so that the trade of Canada may be protected.

6. Canadian National (West Indies) Service—

Your committee have had under consideration item No. 315 in the estimates, relating to the loans to the Canadian National (West Indies) Steamships, Limited, to be applied in payment of deficits in operations of the company and of the vessels under the company's control, during the year ending December 31, 1932, and interest requirements, which amounts to $820,000 as compared with $755,000 for the year 1931.

The year ending December 31, 1930, resulted in an operating loss of $523,136.98, while the operating loss for 1931 was $446,568.53, which is slightly above the amount of the subsidy previously paid to an independent company by the government for a much inferior service. Your committee are in agreement with the principle that this steamship service is a matter of treaty obligation and should be continued, but your committee are of opinion that the utmost vigilance should be exercised by officials directing and in charge of this steamship line so that, if possible, the cost of operation to the dominion should be reduced to a minimum, consistent with efficiency, and at the earliest possible moment turned into an operating profit. The service performed by this line on both routes is an excellent one and should be constantly brought to the attention of the Canadian people whenever and wherever possible with a view to their patronizing the service.

With respect to the traffic originating in the British West Indies, served by the ships, your committee are of opinion that every effort should be made to induce the residents and commercial interests in such colonies to patronize the service thus made possible for them at so great an expense by the Canadian people, to the fullest possible extent.

7. Expense Accounts of Officials—

Your committee have had under consideration the question of expense accounts of executive and other officers of the company. After fully considering the matter, your committee desire to record their belief that there should be a much stricter supervision of all expense accounts, and before payment they should be supported by vouchers and that other necessary evidence of payment should be presented to a properly constituted committee of directors set up for the purpose of examining and passing on same and that payment of all such expense accounts, whether submitted by the president, executive heads or all other officials should be strictly limited to business purposes and that with respect to company entertainment accounts, only those authorized by the same separate and controlling body should be approved. Last year your committee made a strong recommendation in reference to this matter and reiterate what was then said, especially in relation to such matters as club dues, entertainments and donations. A system of control similar to that in vogue in the best regulated industrial houses, finance and other institutions is required, and your committee earnestly recommend that the board of directors forthwith put in effect such effective control as is necessary in the premises. The subject matter is one that cannot be effectively dealt with by a parliamentary committee but the principle involved is an important one, and in the opinion of your committee the best qualified body to deal with the matter is the board of directors.

These recommendations should apply specifically to all officers of the company irrespective of their rank or station.

8. Audit—

According to the evidence submitted to your committee on a previous occasion it has been shown that the government employs a reputable firm of chartered accountants to make a running audit of the railway operations. The auditors sign the annual report and give a certificate attached to the consolidated balance sheet in which they state:—

"We have examined the books and records of the companies comprising the Canadian National railway system for the twelve months ended the 31st December, 1931. The investments in road and equipment appearing in the books of the companies as at the 1st January, 1923, were accepted by us.

"We certify that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the system as at the 31st December, 1931, and we further certify that, in our opinion, the relative income and profit and loss accounts for the year ended the 31st December, 1931, are correctly stated."

Your committee are of opinion that the audit now in effect is not sufficient and should go much further, and the auditors should be empowered to go into every phase of the system's operations with power to call attention to any matter calling for comment in their judgment similar in principle to the powers vested in the auditor General of Canada.

9. Financial Control—

Heretofore there has been control of the capital expenditures of the company but down to a comparatively recent date the expenditures on operation were vested entirely in the executive heads of departments, and were subject only to the review of the president. No such power should be vested in any one man or small group of men under the same control. In no sense can such a system be deemed to be effective, and in the opinion of your committee, this position should be remedied forthwith.

On the 2nd June, 1931, a special by-law No. 18 was enacted by the board of directors establishing a finance committee under the authority of the statute relating to the company, which by-law was duly ratified by order in council No. P.C. 1398, passed on the 17th June, 1931. There was already governmental control of capital expenditures under the statute. By-law No. 18 provides for the setting up of a committee of the board of directors to be known as a "finance committee" to consist of three members of the board, namely, the president of the company who was to be the chairman of the committee, the director holding the position of deputy minister of railways and canals, and the director holding the position of vice-president in charge of the legal affairs of the company. The by-law further provides that such finance committee shall, notwithstanding anything in any other by-law to the contrary, have supervision and control over all matters relating to the capital expenditures of the company, and particularly in respect to the provision of the moneys therefor and the allocation of such moneys. The by-law as enacted and confirmed is silent with respect to expenditures for operation and maintenance and in the opinion of your committee the scope of the by-law should be immediately enlarged by appropriate action on the part of the board so as to provide that two additional members of the board shall also be members of the finance committee and that all expenditures for materials and/or supplies, or expenditures of any other character, save and except payrolls, amounting in value to say $25,000 or over, should first be passed upon by the finance committee and subsequently ratified by the board or the executive committee. Your committee are of the opinion that such a provision would have a healthful and beneficial effect not only on the volume of purchases, especially as unanimity on the part of the entire committee is necessary under the terms of the by-law, but also the manner and character of purchases, and your committee earnestly recommend that immediate steps be taken by the board to give effect to the principles underlying this recommendation.

10. The President's Residence—

Your committee had under consideration the fact that on the eighth of August, 1930, pursuant to a resolution of the board of directors passed on September 23, 1929, the residence No. 1415 Pine Avenue, Montreal, was leased by the railway company for a period of ten years, as a residence for the president at an annual cost closely approximating $20,000.

Having regard to all the evidence adduced and having special regard to the president's contract of engagement, dated September 23, 1929, as ratified and confirmed by his contract with the government dated October 25, 1929, whereby the prisident agreed to serve as president and chairman of the company, including the various constituent and subsidiary companies comprising the system, and for the full and entire services to be performed from time to time for the fixed annual salary of $75,000, without any extra fees or remuneration of any description, and in addition, but subject to the by-laws, rules and regulations applicable, all reasonable out-of-pocket expenses incurred in connection with the duties of his office or offices, your committe are of opinion that the leasing of the residence appears to your committee to be in contravention of the contract of engagement and even if legal was unwise and should not have been authorized.

The whole transaction in the opinion of your committee was a successful attempt by the board of directors to do indirectly what could not be done directly by expenditure on capital account, namely, to procure a residence for the president free of rent, taxes and repairs, and your committee consider that the action of the board of directors in this regard indicates that while they may not have exceeded their legal powers they did not exercise that degree of prudence, care and judgment requisite in the premises.

Your committee recommend that the whole transaction be reviewed and investigated by the directors, with a view to ascertaining its legality, and if possible obtaining its recision.

11. Off-Line Offices in the United States—

In recent years a large number of off-line passenger and freight offices have been established in leading cities of the United States, with a view to obtaining traffic for both branches of the service.

Data received with respect to the expenses of and gross receipts from all such offices show that results have been fairly satisfactory with respect to freight traffic but with respect to passenger traffic the results achieved so far have not been commensurate with the cost.

Your committee investigated with some care the situation with respect to the New York passenger office now located at 673 Fifth Avenue. The initial cost of acquiring these premises and of alterations amounted to the sum of $429,223.05, and the annual cost of operation including the rental of the premises 505 Fifth Avenue, formerly occupied as passenger offices and which are still under lease and at present unoccupied, is now $252,902. The gross amount of passenger traffic sold in 1931 was $502,353, including transportation sold on other lines.

Your committee recommend that the whole question of the New York and other off-line passenger offices should be carefully reviewed by the management in conjunction with the board of directors.

Your committee further recommend that careful consideration be given by the management and by the board to the question of closing such of the offices, both passenger and freight, as have not achieved satisfactory results, and also of cooperating with other railway systems by joint arrangement so as to effect as much saving as possible.

12. Pensions—

A memorandum respecting the various pension schemes in effect was submitted to your committee.

On December 31, 1931, there were 2,476 retired officials and employees on the pension list and the total pensions paid for 1931 amounted to 1,248,000.83.

These pension systems comprise:—

(1) The Intercolonial and Prince Edward Island railway employees provident fund, which is still in force.

(2) The Grand Trunk Railway of Canada superannuation and provident fund, scheme, closed in 1907 and the presently subsisting Grand Trunk scheme.

(3) The Canadian National Railway pension scheme, set up in 1929, and in force at the present time.

All of the above mentioned schemes have legislative sanction and authority, but inasmuch as in a return filed with your committee it appears that during the past five years numerous employees received pensions in excess of what the pension schemes applicable to such employees call for your committe are of opinion that attention should be called to this apparent excess of jurisdiction.

Your committee are of opinion that the whole situation respecting pensions should be reviewed, not with any view to reducing statutory pensions but with the view to putting the pension schemes on a sound economic basis, including, if deemed desirable, the inclusion of the principle of contribution.

Your committee is of opinion that inasmuch as the pension schemes now in effect are statutory the payment of amounts in excess of the amounts called for by such schemes are not justified in principle, and your committee recommend that the attention of the board of directors be called to this situation, with a view to taking such action in the premises as may be deemed desirable and just, having regard to the fact that the principle of pensions is an established principle and crystallized into legislation.

13—

Your committee realizing that the exercise of political patronage or influence in the operation of this publicly-owned enterprise would do great injury recommend continued vigilance on the part of all concerned, to avoid the introduction of practices so detrimental to the public interest.

14—

Your committee recommend that the proceedings and evidence taken be printed as an appendix to the Journals of the House, and that 700 copies be printed in blue book form, 500 in English and 200 in French.

15—

Your committee are glad to state that the report is unanimous.

A copy of the minutes of proceedings and evidence is tabled herewith, all of which is respectfully submitted.

R. B. Hanson,
Chairman.

By unanimous consent, Mr. Speaker, I beg to move, seconded by Mr. Duff, that the seventh and final report of the select standing

committee on railways owned, operated and controlled by the government, be concurred in.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, it is not my intention to make any reference to the past of the railway system. In that past there may be something to forgive and much to forget. In the report itself, I find much that is pious and something that is practical. It is encouraging in that it is unanimous; it shows that an attempt is being made to lift the railways out of party strife, that is eminently commendable. But what is discouraging is that to-day, when the country is faced with such terrible obligations and when such heavy demands are made upon its purse, no suggestion has been made whereby the tremendous losses resulting from the operation of the roads might be further and substantially and immediately curtailed.

An hon. MEMBER: What about the royal commission?

Mr. HACKETT: It is true that a royal commission has been appointed, composed of very eminent men. We have reason to hope that a finding will be made which will enure to the benefit of the people of Canada and help both railway systems. But as I had occasion to say some time ago, this report cannot be made available for some time, and it cannot be made effective until the lapse of further time, I was therefore hoping that out of this understanding which appears to have been arrived at by the members of all parties who formed the committee some practical and unanimous suggestion might come whereby the tremendous expenses of useless competition could at least temporarily be curtailed.

We had it from the president of the national system that the expense of competition was very great indeed, and there was an inference from what he said that tremendous savings could still be made without seriously impairing the effectiveness of the service, if competition and the expense arising from it could be eliminated. I am of those who believe that if this committee could have accentuated that fact, that if a unanimous committee representing all parties in the house had impressed upon all the roads in Canada the absolute necessity, for the time being, of keeping down these expenses, it would have been productive of results. We have heard on all sides forebodings, ominous statements have been made of the perils which overhang the country to-day; yet here is an opportunity of saving, some $50,000,000 to $100,000,000 in the operation of the two railways, in the next twelve months. The principal obstacles in the way of effecting those economies are the faces that have to be saved.

I submit, Mr. Speaker, that a unanimous and forceful recommendation from the committee would have had to be heeded both by the government-owned roads and by those privately-owned. We have been told that this drain upon the financial energies of the country is the greatest financial peril that confronts us to-day, and it seems to me regrettable that the committee has not considered the possibility of temporary and immediate economies.

With regard to the merchant marine, the report is about what it was last year. There was a recommendation last year that the service be suspended and that the boats be given away or cease to be operated. They have been operated for another year and the net result is that another half million has been lost. And apparently the same procedure will be followed again this year. I understand that hon. gentlemen of the special committee have agreed not to debate this report. I am not bound by that agreement. I hope, however, that I have said nothing which is controversial in a party sense, which will provoke recriminations from the other side of the house. I firmly believe what I have said, and believing it, I felt it was my duty to speak as I have.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): It seems to me that it is hardly in order that a report of this character should be submitted to the house and a few minutes later concurrence moved. I take it that a report of as great importance as this ought to lie on the table for a day at least, until members have had on opportunity of reading it. It is not good practice that we should simply pass this report as a matter of form, even though it comes as a unanimous report from the committee. However, I should like to make a few remarks with reference to what has been said by the last speaker (Mr. Hackett). He suggests that there has been no report on the major problems of transportation in this country. I had thought that we all understood that the committee could not very well discuss these problems while they were under consideration by a royal commission, so that under the circumstances I do not see that the committee could have done anything else than it has done at the present time. But when the hon. member, in closing his address, suggested that he hoped he had not raised any controversial questions, I must enter my protest against his assumption that we all agreed with him.

The hon. member suggests that there are tremendous losses resulting from the operations of the road. By centering attention on the Canadian National Railways he is apt to give the impression that it is because of the public ownership of this road that the losses have occurred. I submit that there are tremendous losses resulting from the operation of the Canadian Pacific Railway at the present time. If anyone will consider the way the shares of the Canadian Pacific have dropped within the last few months, he must be convinced that that road also is in a condition which is far from satisfactory.

It is quite true that the Canadian Pacific Railway does not come under review in this house as the Canadian National does. As someone suggests, it is a pity that it does not, since it has been so largely built up by public funds; and since it has been maintained by the public, seeing that there is no other way of maintaining it, there being often involved the payment of heavy freight rates by the public to say nothing of subsidies. Under these conditions, it does seem to me that its operations might come under review in this house. It is hardly fair at any rate to criticize to the last detail the operations of the Canadian National Railways and let the other road go without criticism.

As I tried to point out last year, when the report of the committee was under consideration, by centering attention on all these details of the Canadian National Railways, the public is led to think that there has been the utmost extravagance. Undoubtedly, there has been extravagance. But I submit that similar extravagance is a commonplace in other corporations. Someone mentions Lucerne. Yes; and a score of things connected with the Canadian Pacific Railway which are extravagances do not come under review in this house, even though the expense must ultimately be borne by the people of Canada.

Mr. CHAPLIN: Do two wrongs make a right?

Mr. WOODSWORTH: No, but it is not always wise to center on one wrong to the absolute exclusion of another.

Mr. CHAPLIN: All we had to do was to examine this road.

Mr. WOODSWORTH: I am not in the slightest blaming the committee; I am prepared to vote for the report of the committee. I cannot see how the committee can report otherwise. But I do point out that we are examining only one road; indeed I am not for the moment discussing the report of the committee but rather the statement made by the hon. member for Stanstead (Mr. Hackett).

Mr. HACKETT: What statement?

Mr. WOODSWORTH: The statement was made that there were tremendous losses resulting from the operation of the road.

Mr. HACKETT: All railroads in Canada?

Mr. WOODSWORTH: That is all I want to hear—from all railroads in Canada.

Mr. HACKETT: That is what I said.

Mr. WOODSWORTH: That is not what the speaker said; he said there were tremendous losses resulting from the operations of the road, that is, the Canadian National Railways. In all fairness I want to point out that there are also tremendous losses resulting from the operation of other roads.

Mr. HACKETT: That is what I said.

Mr. WOODSWORTH: I did not catch that, but as long as it is admitted, that is all I want. The member for Stanstead also referred to the useless competition being carried on and urged that it should be curtailed. He quoted the president of the Canadian National Railways as saying that savings could be made if competition could be eliminated. I have no doubt that that statement is true and I agree with it. I am very glad that we are getting away from the old idea that competition is the life of trade and are beginning to learn that the contrary is true. We are beginning to learn that railway operation is by its very constitution in the nature of a monopoly. I quite agree with what I believe to be the position taken by the hon. member, that sooner or later we will have to have an amalgamation of the roads in this country, but I contend it should be not only an amalgamation of the railroads but an amalgamation of our whole transportation system including railroads, motor service and air service. I think that will have to come sooner or later but when it does come some of us will insist that it will not be a private monopoly but rather a great public service. Like the hon. member for Stanstead I hope I am not saying anything which will prove to be very controversial. If we are all agreed on my proposal, there is not very much more to be said on the matter. However, I think I have as much right to take my statement for granted as has the hon. member. It seems to me that there is a useless waste in all competition and we should not centre on this one particular instance. Competitive industry involves an enormous waste and if I

understand anything of the general trend today in business, not merely in transportation but in all productive industry, there is a tendency to eliminate waste and develop monopoly. I think monopoly is bound to come but when it comes we will insist that it must not be a private monopoly but a government monopoly. I hope that one of these days those principles which were so clearly enunciated by the Prime Minister (Mr. Bennett) with regard to air control will be put into practice with regard to transportation control.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, there is only one observation which I should like to make. I should not like the country to understand that it would be possible by giving effect to any recommendation of the committee to make a saving of $50,000,000 in twelve months. It is perfectly ridiculous to make any such statement because that cannot be done under present conditions in this country. We must realize this when we consider the sum total of the revenues of all Canadian railroads and appreciate that the railway situation on this continent is one which beggars all description. The shares of the New York Central Railroad are to-day selling for less than $12 whereas a few months ago they were selling at over $200 each. Practically the same condition exists in connection with the shares of the Pennsylvania Railroad. The Baltimore and Ohio Railway has passed its preferred dividends and the shares of all trunk line systems in the United States have fallen to a market price that one could never have possibly anticipated. This has been brought about by lack of traffic and when you take the traffic of the two roads in this country and deduct the operating expenses it will be seen that under no circumstances would it be possible with the traffic available to save a sum anything like $50,000,000 per annum or even a reasonable fraction of that sum. I merely mention this because I would not like a thought of this kind to go out to the country at this time. The Royal Commission on Railways and Transportation is giving to this matter that attention which I think has never been given before to the details of our transportation systems as affected by the railways of the country.

Mr. HEENAN: May I inquire of the chairman of the committee whether or not a recommendation is made that salaries and wages shall be further reduced?

Mr. HANSON (York-Sunbury): Not wages, but the salaries of the higher executive officers.

[Mr. Woodsworth.]

Mr. HEENAN: I was wondering whether or not a recommendation of this kind should be included in the report of the committee unless the committee has ascertained that the salaries—I am not speaking about wages—paid by competing lines in the United States and Canada are lower than those paid by the Canadian National Railways.

Mr. HANSON (York-Sunbury): There was some evidence given before the committee in that connection.

Mr. ARTHUR DENIS (St. Denis) (Translation): I note that the report makes no mention of the quarters of the right hon. Prime Minister at the Chateau Laurier, in Ottawa. I think that this item should have been included and for this reason I am entirely opposed to the report.

Motion agreed to.

BUSINESS OF THE HOUSE

SATURDAY SITTING

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member for Acadia (Mr. Gardiner) has been good enough to inform me that since yesterday his friends have been able to make arrangements in connection with the commitments previously made so that, with the consent of the house, we may meet to-morrow morning at eleven o'clock and sit from three to six o'clock. However, we shall have to take up that business which the hon. members whom the hon. member for Acadia represents would like to discuss. In connection with the business to be taken up to-day I should like to consult the convenience of the house. Our idea is to take up item No. 26 on the order paper at the moment and advance that a stage. Then if it is convenient to all we will proceed with No. 17, No. 20 and No. 22. The Post Office estimates have been fairly well advanced; we might conclude the discussion of them. Immediately after that we shall take up National Revenue which has been waiting for some days; then items, other than Agriculture with respect to which it is desired by the hon. member for Acadia (Mr. Gardiner) and his friends that one item should stand, if that is convenient to other members of the house.

If it meets with the general consent of the house, I would move:

That this house shall meet at 11 o'clock a.m. on Saturday, the 21st instant, that there shall be an intermission from one to three o'clock p.m., the order of business and procedure shall be the same as on Fridays and the house shall adjourn at six o'clock p.m.

Mr. BROWN: Can the Prime Minister tell us when he will take up order No. 21, second reading of Bill No. 74, to amend the Canada Shipping Act (coasting trade). It comes between Nos. 20 and 22.

Mr. BENNETT: I have especially not mentioned that, for the reason that in connection with that measure representations have been made which I have been very closely investigating. The extent of the tonnage that is under the British flag in Canadian registry but owned outside Canada is apparently much larger than was thought or than appeared from the original investigations. There are some 800 Canadian sailors engaged on those ships and I am making some further investigations, before making any statement with respect to that, but on Monday something will be said in regard to the matter.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): So far as the official opposition is concerned, the arrangement which the Prime Minister has outlined for to-day's business is entirely satisfactory. We also cordially approve the motion which he has made as to sitting to-morrow. As regards the balance of the business of the session, whatever order the government cares to select will be wholly satisfactory to us.

Motion agreed to.

CIVIL SERVICE ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Civil Service Act, and to provide for the payment of gratuities to members of the Civil Service Commission on retirement, and to officers, clerks and employees in lieu of retiring leave.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. MACKENZIE KING: Will the Secretary of State just intimate to us what is proposed?

Mr. CAHAN: The bill which will be founded upon this resolution simply carries into effect the recommendations made in the select special committee's report which is dated May 10, 1932, and the bill, in making amendments to the Civil Service Act, is expressed almost verbatim in the terms of certain sections of this report. On the advice of the Minister of Justice and of the law officers of his department, it is deemed advisable to carry these proposed amendments into effect by express enactment rather than by order in council as had been previously suggested.

Resolution reported, read the second time and concurred in. Mr. Cahan thereupon moved for leave to introduce Bill No. 99, to amend the Civil Service Act.

Motion agreed to and bill read the first time.

Mr. BENNETT: I think the bill is printed and will be available for distribution at once, so that members may have an opportunity of studying it between now and to-morrow.

FISHERIES ACT AMENDMENT

The house resumed from Friday, April 8, consideration in committee of Bill No. 10, to amend and consolidate the Fisheries Act —Mr. Duranleau—Mr. Ross in the chair.

Sections 1 to 6 inclusive agreed to.

On section 7—Fishery leases and licences.

Mr. ERNST: There is an obvious error in the printing of this clause. In line two on page three the word appears as "hereafter." It should be "hereinafter." I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Section 8 agreed to.

On section 9—Licences for whale fishery.

Mr. DURANLEAU: I think subsection (2) should be deleted; it was deleted in committee, and there must be an error in printing.

Mr. ERNST: I move that subsection (2) of section 9 be deleted.

Amendment agreed to.

Section as amended agreed to.

Sections 10 and 11 agreed to.

On section 12—Use of nets regulated.

Mr. NEILL: Why put certain words in brackets?

Mr. DURANLEAU: I think the words in brackets were those added by the committee.

Mr. NEILL: They will not appear that way in the act?

Mr. DURANLEAU: No, the brackets will not appear in the act.

Section agreed to.

Sections 13 to 25 inclusive agreed to.

On section 26—Use of explosives prohibited.

Mr. ERNST: There again there appears to be an error in printing. The correct reading as passed by the committee would be in

line 25 of the clause the words "other than porpoises, whales, walruses, sea lions and hair seals." Accordingly, I move that the word "and" in the second line of clause 26 be deleted, and the words "sea lions and hair seals" be added after the word "walruses."

Mr. NEILL: The amendment is quite in order. I must point out however that there is an order in council forbidding the killing of walruses in Hudson bay. Would that not conflict with this clause? Under it there is permission to kill with rockets and explosive materials. Under order in council dated July 3, 1931, there is a prohibition to kill walruses, except to a limited extent by Eskimos in the north. It seems to me we have contrary provisions.

Mr. DURANLEAU: The law as adopted will prevail.

Mr. ERNST: They can be killed only under licence.

Amendment agreed to.

Section as amended agreed to.

Section 27 agreed to.

On section 28—Fish guards only where minister deems it necessary.

Mr. POULIOT (Translation): Mr. Chairman, may I inquire from the Minister of Marine whether the amendments to this legislation were discussed with the Minister of Fisheries of Quebec and whether the latter had the opportunity of expressing his views in this respect?

Mr. DURANLEAU (Translation): My reply, sir, is that nothing in this act can affect the prerogatives of the province of Quebec. The amendments to the act which are mostly before the house aim at making the statute more conform with the decision of the Privy Council, in the case of the Quebec government versus the Dominion government. It is simply a new codification of the old Fisheries Act from which we delete the provisions which were found ultra vires, pursuant to the judgment of the Privy Council.

Mr. POULIOT (Translation): I have no doubt that this legislation was examined with the greatest of care, however, I would be much obliged to the minister, if he would be kind enough to inform the committee whether these questions were discussed with the Quebec Minister of Fisheries.

Mr. DURANLEAU (Translation): I am unaware whether the officials of my department have communicated with the hon. Minister of Fisheries of Quebec. It is quite possible that they have. However, I know that the Quebec Forests and Streams department generally accept the provisions and amendments of the legislation we submit to them.

Mr. DENIS (Translation): The minister is not certain whether his officials have communicated with the Forests and Streams department of Quebec?

Mr. DURANLEAU (Translation): I can not assert it. However, I may inform my hon. friend that there is absolutely nothing in the act, as amended, which can affect the rights of Quebec. It is a re-edition of the former act from which we delete the provisions which were found ultra vires pursuant to the judgment of the Privy Council. The elimination of those provisions is to the advantage of Quebec, since we conform with the decision of the Privy Council.

Mr. DENIS (Translation): Out of delicacy, you thought proper not to communicate with the hon. Minister of Fisheries of Quebec.

Some hon. MEMBERS: Cheap! cheap.

Section agreed to.

Sections 29 to 47 inclusive agreed to.

On section 48—Special licences for oyster beds.

Mr. MacLEAN: Is it the policy of the department to lease oyster beds in Prince Edward Island?

Mr. DURANLEAU: Yes, it is the policy of the government to lease those areas.

Mr. MacLEAN: When was that policy decided upon?

Mr. ERNST: The hon. gentleman is probably aware, Mr. Chairman, that it is only within the last year or so that the oyster fisheries of Prince Edward Island have come under federal control. In so far as leasing the beds is concerned, there has been since confederation division of jurisdiction; the beds were the property of the province and their regulation and control was a matter of federal authority. In order to encourage development of the oyster fisheries the province has passed over to the dominion the right to lease the oyster beds.

Mr. MacLEAN: I quite understand that, but I should like to get from the minister when his department decided on the policy of leasing the oyster areas, say in Richmond bay, Grand river and Bideford river, and the

other sections which have come under the jurisdiction of the dominion government recently.

Mr. DURANLEAU: I cannot say at what time the leasing policy was adopted for particular areas. As a matter of fact for several years it has been the policy of the department to lease the oyster beds. I might add for the information of my hon. friend that section 48 is a re-enactment, word for word, of section 61 of the old act. So we do not intend to change the policy in that regard.

Mr. MacLEAN: If I understand correctly, when the Dominion government took over the areas they started to develop them in an endeavour to make them productive. Considerable money was expended in that connection, but no policy was decided upon as to leasing. I think that last season a joint meeting was held at Charlottetown between officials of the department and provincial officials, and that then the policy of leasing the areas was decided upon. Is that correct?

Mr. DURANLEAU: Of course, it would be very difficult for me to give the policy of the department with respect to every oyster fishing area in Canada. We want to encourage the industry as much as possible, and it is the policy of the government to do all in its power to that end. If my hon. friend has any suggestions to make with regard to any particular areas we shall be quite content to hear them, and, if meritorious, to give effect to them.

Mr. MacLEAN: There is some division of opinion regarding which policy should be followed, whether those areas should be brought back into production for public fishing or should be leased. I do not suppose the minister could give us any information of any leases that have been applied for, or to what extent this matter has been advanced in Prince Edward Island?

Mr. DURANLEAU: I have not any information at hand.

Mr. ERNST: I would suggest, Mr. Chairman, that such questions are not in order on a particular clause of the bill; they are matters for discussion on the estimates of the department. No minister can be expected to have such information on hand at this time.

Mr. MacLEAN: With all deference to my good friend from Queens-Lunenburg (Mr. Ernst), Mr. Chairman, I would remind him that we have waited all during the session for the fisheries estimates to be discussed. The same may be said with regard to the agricultural estimates; they have been left until the last days of the session. As there may be no other opportunity to bring this matter before the house I think the minister while putting through this bill should have had his deputy present to give whatever information might be required. However, I will not press that point at the present time, if, when the fisheries estimates come up, we are given opportunity to discuss this matter.

Section agreed to.

Sections 49 to 57 inclusive agreed to.

On section 58—Use of rockets or explosives.

Mr. DURANLEAU: I believe there has been an error in the reprinting of the bill. The word "seals" in the third line of the section should be deleted, according to the decision of the committee.

Mr. ERNST: I move that the word "seals" appearing between the words "sea lions" and "hair seals" be deleted.

Amendment agreed to.

Section as amended agreed to.

Sections 59 to 76 inclusive agreed to.

Title agreed to.

Bill as amended reported, read the third time and passed.

TRADE TREATY WITH RUSSIA

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I rise to a matter touching the privileges of this house. I have just been advised that there appears to-day in one, if not more, of the leading United States newspapers the statement that negotiations looking to a trade agreement between soviet Russia and Canada were under way, and that it was anticipated they would be successfully concluded in time for approval before the meeting of the Imperial conference in Ottawa in July.

I desire to say that no negotiations of any kind, form or description whatever between soviet Russia and Canada have been initiated or are under way, or are intended to be initiated or put under way.

LIVE STOCK RECORDS

Hon. ROBERT WEIR (Minister of Agriculture) moved the second reading of Bill No. 73, respecting the incorporation of live stock record associations.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Ross in the chair.

Sections 1 to 12 inclusive agreed to.

On section 13—Affiliated association.

Mr. ELLIOTT: Might I ask the minister what change this makes in the present act?

Mr. WEIR (Melfort): This is to enable an association to act as an incorporated body.

Section agreed to.

Sections 14 to 23 inclusive agreed to.

Bill reported, read the third time and passed.

WINDING-UP ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No 81, to amend the Winding-Up Act.

Motion agreed to, bill read the second time, and the house went into committee, Mr. Ross in the chair.

On section 1—"Insurance Company."

Mr. JACOBS: Will the minister explain the purport of the bill.

Mr. GUTHRIE: As the house is aware, there are three new insurance acts which have been recently passed by the Senate. To a large extent they modify the legislation which has heretofore existed in Canada in regard to insurance, and the Senate has likewise passed this bill to amend the Winding-Up Act, to bring it into conformity with the new bills which have been passed by the Senate in respect to insurance. Sections 160-173 of the present Winding-Up Act apply to our insurance laws as they have existed heretofore. Now, with our new legislation, it is necessary to amend the Winding-Up Act to comply with the changes in the insurance legislation. The Senate has therefore passed this act, which amends the Winding-Up Act and brings it into conformity with the acts which are now before the house. If this bill is passed, I do not propose to ask for its third reading until the other bills are finally passed by the house.

Mr. ELLIOTT: There is nothing in sections 160 to 173 except the purpose of making the act conform with the other acts?

Mr. GUTHRIE: That is the only purpose, to make it conform with the new bills.

Section agreed to.

On section 2—Part III repealed.

Mr. GUTHRIE: At this stage I would ask that the committee rise and report progress and ask leave to sit again. I have been reminded that there is one further amendment that has been suggested by the Department of Insurance, which should be but has not been incorporated in this bill. Later on today I will produce the other amendment.

Mr. ELLIOTT: Can the minister indicate substantially what is the intention of the proposed amendment?

Mr. HACKETT: The other amendment is merely to bring this bill into harmony with the Bankruptcy Act. The trustees must now all be licenced, and to preclude people who in the past might have been exploiting the Bankruptcy Act from exploiting the Winding-Up Act, it has been suggested that all liquidators be licenced trustees.

The CHAIRMAN (Mr. Ross): Mr. Guthrie moves that the committee rise and report progress and ask leave to sit again.

Mr. GUTHRIE: This day.

Motion agreed to.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

SUPPLY

POST OFFICE DEPARTMENT

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Post Office—outside service, $31,451,100.

Mr. BRADETTE (Translation): Mr. Chairman, I wish to renew the request which I addressed last year to the hon. Postmaster General (Mr. Sauvé), in connection with the inauguration of a mail service north of Driftwood. I then forwarded some correspondence and a petition to the hon. Postmaster General who, I am sure, has this request under consideration. There are forty to sixty Austrian and German families located at seven or eight miles distant from the post office of Driftwood and the minister can readily understand the difficulties these citizens experience in getting their mail. I therefore renew my request in this respect. In the past, I know that the Post Office department has done every thing possible to give a reasonable service to the new centres of settlement in northern Ontario. Such a service is very important to these new settlements. The Postmaster General will realize the exact situation if he considers that these people find it impossible to get their mail more than once or twice a week. If the hon. Postmaster could accede to my request, these settlers would regularly receive their mail.

Mr. SAUVE (Translation): I just had, last week, an opportunity of discussing this question with the officials of my department. We intend to look into this matter this year, subject of course to the funds at our disposal. We are at present studying the whole situation.

Mr. HURTUBISE (Translation): I wish to put a question to the Postmaster General and I rely on his kindness to enlighten me on the matter. I want to know whether representations have been made by the Dominion Railway Mail Clerks' Association, of North Bay, with reference to lowering the age limit from 65 to 60 years, in connection with their pensions. I received a letter requesting me to plead their cause with the minister. Previous to continuing my remarks, I would like to inquire whether such a request was addressed to the Postmaster General.

Mr. SAUVE (Translation): In fact, we have received a letter to that effect and we are looking into the matter.

Mr. HURTUBISE (Translation): I strongly support the request of this association. As a doctor, I must, first, inform you that these civil servants live in an atmosphere and conditions quite exceptional. They do not live a regular life, are continuously exposed to danger, breathe coal fumes during their whole life time, and have to put up with continuous vibrations during their working hours. I have no statistics on the subject at my disposal, however, I am convinced beforehand that, if such statistics could be collected, they would show that the average length of life for these employees is much shorter than among the ordinary workmen. I therefore beg of the Postmaster General to take this request under his serious consideration.

Mr. SAUVE (Translation): It is exactly the task we have undertaken.

Mr. HURTUBISE (Translation): It is under consideration?

Mr. SAUVE (Translation): Yes.

Mr. HURTUBISE (Translation): Thank you.

Mr. POULIOT (Translation): Mr. Chairman, last evening, I did not wish to frighten the right hon. Prime Minister (Mr. Bennett). Just at the moment the house adjourned, I was congratulating him for having shown some consideration to a veteran of the Great war who was applying for the position of postmaster and I shall translate in English what I stated in this respect:

Je félicite le très honorable premier ministre d'avoir donné instruction à son secrétaire de répondre de la sorte à un vétéran de la Grande Guerre.

The translation is as follows:

I congratulate the Prime Minister (Mr. Bennett) on giving instructions to his private secretary to answer a veteran of the great war in such a manner.

I will not press this point any further except to say that my impression is that the right hon. gentleman is rather timid. He reminds me of Sir Lomer Gouin, who covered up his shyness by loud speech.

To continue my argument, the hon. Postmaster General stated publicly, on more than one occasion, that he would protect even against his friends, the postmasters who had fulfilled their duties and the employees of his department who had taken no active part in politics. The charges of "political partisanship" were accumulating on his desk. The complaint of the defeated candidates were twice as numerous as those of Conservative members elected. Was it to compromise that the hon. Postmaster General had forms of letters and affidavits prepared, in the autumn of 1930, and during the winter of 1931, so as to give these employees the option of willingly resigning if they had taken an active part in politics? The Postmaster General probably took advantage of these forms to clear himself of their dismissals. Five hundred and twenty-three letters or forms were forwarded by the Postmaster General to certain postmasters, however, the result was not what he expected, since only 33 resigned. Then the hon. Postmaster General had recourse to petitions in connection with political partisanship. On May 12, there were 474 of them.

Mr. LAVERGNE (Translation): Not petitions, but inquiries.

Mr. POULIOT (Translation): Certainly, inquiries; inquiries in connection with political partisanship, at the request, mostly, of defeated candidates. On May 12, 474 had been held at a cost of $33,103.64. In a return laid on the table at the outset of the session, at the request of the hon. member for Hochelaga (Mr. St-Père), in Quebec alone, 78 investigations had been ordered at the request of Conservative members, and 160 at the request of defeated candidates. However, the information was not complete. It was only completed to-day, and I wish to thank the hon. Secretary of State (Mr. Cahan) for having tabled the answers to questions put to the minister with reference to inquiries in connection with political partisanship, petitioned for since August, 1930.

This information covers the inquiries in connection with political partisanship since August, 1930:

Department	Requests by Defeated Conservative Candidates		Requests by Conservative Members	
	In Quebec	Outside Quebec	In Quebec	Outside Quebec
Agriculture	..	1	..	..
Fisheries	..	..	..	*
Immigration	..	1	2	1
Indian Affairs	2	..	1	..
Interior	..	..	..	1
Marine	86	16	24	17
National Defence	..	1	2	1
National Revenue	1	8	1	4
Pensions	..	1	..	4
Post Office	265	85	86	106
Public Works	8	..	..	..
Railways and Canals	..	..	**	2***

* Three requests afterwards withdrawn.
** One investigation for fifteen employees.
*** One of the two investigations for ten employees.

In the case of the Department of Fisheries, three investigations were requested, but the requests were afterwards withdrawn.

Mr. LAVERGNE (Translation): Can my hon. friend inform the house as to how many requests for investigations were made?

Mr. POULIOT (Translation): I have not all the details that my hon. friend asks, however, I shall be in a position shortly to answer all his questions, by means of another schedule.

Mr. VENIOT (Translation): 434.

Mr. LAVERGNE (Translation): Petitions for inquiries?

Mr. VENIOT (Translation): 434 inquiries in connection with political partisanship.

Mr. LAVERGNE (Translation): There were 434 investigations as regards political partisanship. How many dismissals resulted as a consequence?

Mr. VENIOT (Translations): They were all dismissed.

Mr. LAVERGNE (Translation): I do not think that the information of my hon. friend is correct. I am aware that in my county...

Mr. VENIOT (Translation): I do not mean in Quebec alone, but throughout Canada.

Mr. LAVERGNE (Translation): I do not think that the figures quoted by my hon. friend are correct. The hon. member informs us that each time a request for an investigation was made...

Mr. POULIOT (Translation): I made no such statement.

Mr. LAVERGNE (Translation): No, it was the hon. member for Gloucester.

[Mr. Pouliot.]

Mr. VENIOT (Translation): No, no.

Mr. LAVERGNE (Translation): Then I did not understand. How many requests for investigations were made and how many dismissals took place after inquiry?

Mr. POULIOT (Translation): I shall give a list shortly. (Text.) I shall give to the committee a list of direct dismissals and those due to a change of site or something else. With my hon. friend's permission I shall proceed with that, and as I read the whole summary I hope the committee will have no objection to having it put on Hansard in the same form as I have it.

Mr. LAVERGNE (Translation): The hon. member has no reason to complain. I think it is a fair war. If the hon. member cannot quote the number of applications for inquiries with reference to the Post Office department, I would ask him to confine his remarks to the cases having to do with the items that are under discussion.

Mr. POULIOT: My hon. friend is not at present presiding over the committee. I am giving these figures in order to compare what has been done in the Post Office Department with what has occurred in other departments. There have been far more investigations in the Post Office Department than in any other and next in point of numbers is the Marine department. I am sorry the departments in which there have been so many dismissals are headed by two ministers from Quebec.

Mr. LAVERGNE (Translation): The hon. member is unfair in his statement. These inquiries were necessary, because the way the postmasters in Quebec meddle in politics is most scandalous—

An hon. MEMBER (Translation): Yes, that is a fact.

Mr. LAVERGNE (Translation): ...it was absolutely fair to hold investigations. When an inquiry revealed that a postmaster should be dismissed, he was; when the inquiry showed that there was nothing to justify a dismissal, he was not. I have been informed that 86 postmasters were found not guilty, at these investigations, and were therefore not dismissed.

Mr. POULIOT (Translation): That is possible.

Mr. LAVERGNE (Translation): The others were found guilty of political partisanship. Must we lay down the principle that public officials may become political agents? I requested some dismissals in my county, but nobody was dismissed without first holding an inquiry, because I think it is unfair to order a dismissal without first inquiring into the facts. On the other hand, if following an investigation, it is found that a public official acted as a political heeler or partisan, I think it is only fair that he should be dismissed, in order to teach employees that they are civil servants and must not have any party connections.

Mr. POULIOT (Translation): Mr. Chairman, if my hon. friend for Montmorency would be kind enough to allow me to proceed with my remarks, he could after, if need be, contradict my statements, that is if he thinks fit or is able to do so. At present, I simply wish to establish certain facts. I am discussing requests for investigations; I shall discuss, just now, dismissals. These investigations, with the exception of three, were requested either by defeated condidates or by Conservative members. In three instances, the requests for inquiries addressed to the department of my hon. friend, the Acting Minister of Fisheries (Mr. Duranleau), were withdrawn. I am very pleased of the fact that it happened in his department, because it atones somewhat for the number of investigations ordered by the Minister of Marine.

Mr. LaVERGNE (Translation): What objection can my hon. friend possibly have to an application for an inquiry?

Mr. VENIOT: Mr. Chairman, I think the hon. member who has the floor should be allowed to proceed with his speech.

Mr. POULIOT: Yesterday I had two desks filled with my files and to-day, in order to expedite business, I have reduced the number of documents to what I hold in my hand. I am ready to proceed and to show my goodwill, but if there is objection, the debate on the Post Office estimates will last for a week. I am being fair to all, but I wish to be treated fairly. I have points to make and part of the work of the session is to point out what has been done. I complain very much of the fact that especially in Quebec the sour-mouthed defeated candidates, are worse offenders in respect of dismissals than the Conservative members. This is the point I wish to make to the committee and the country. When there are so many unemployed, so many who are suffering and in dire distress, we see these defeated candidates and members wasting the time of the Postmaster General by asking him to cut off the heads of numerous people who, notwithstanding what the hon. member for Montmagny has said, are innocent of political partisanship and yet are treated in the same way as if they had paraded the streets and made speeches in favour of Liberal candidates. This is what I am strongly protesting against.

Concerning the commissioners, my personal knowledge is that some of them have been most unfair, indeed, so unfair that their actions could be reported to the bar of Quebec. I can see that my hon. friend from Montmagny is not a mind reader. Let him be patient a while. He knows I have every regard for him; I have never said anything unpleasant to him. In order not to waste the time of the house at this late date in the session, I am curtailing as much as possible what I have to say, but I am here to say what I think is necessary and no one will prevent me from doing so.

Mr. LAVERGNE: No one wants to do that. What I should like to know from my hon. friend is this: Can there be any objection to any citizen, whether he be a member or a defeated candidate, asking for an investigation in regard to any public service? If there is, the point of my hon. friend is well taken. But if there is no objection to a man asking for an investigation, anybody's conduct can be investigated.

Mr. POULIOT: Certainly.

Mr. LAVERGNE: So much the better for him if he comes out clean-handed. If not I think he deserves punishment. I cannot see anything in the point that so many investigations have been asked.

Mr. POULIOT: Probably not, Mr. Chairman, but what I am after is justice and fairness. When investigations are carried on fairly, and when fair play is exercised, I have no objection. When after investigation the

commissioners state that there is nothing against a man, but make a report against him I say they deal most unfairly, and it is against that sort of practice I complain.

I have said nothing about requests for investigations made by Conservative members of this house. I care not whether they come from the province of Quebec or any other province. I did not complain about them, but I do complain about the fact that the defeated Tory candidates in the province of Quebec are always asking for the heads of postmasters, so that they may replace them with people who are often not worthy of the positions, and have not the qualifications of their predecessors. I have written the Postmaster General telling him that so far as I am concerned I have no objection. If he wishes he may dismiss all the postmasters in my constituency, because by so doing he would be helping me politically. I do not object to his cutting off heads; from a political standpoint. I do not object to that.

Mr. SAUVE: But I would object.

Mr. POULIOT: I congratulate the minister on his response, and I hope he will realize that hon. members on this side are better friends of his than the people who advise dismissals. I should like to make a statement which will make matters somewhat clearer to hon. members, and particularly the hon. member for Montmagny. The day all postmasters are dismissed in all constituencies—as happened in Gaspe, at the request of the defeated candidate, a man who tried to enter the Senate—the day that is done in every constituency hon. members may be sure that Liberals will be elected in those constituencies. Why? Because the people will not stand for injustice and unfairness—that is the reason.

If I have been somewhat vehement in my remarks it has been to show the viciousness of the system, to put the Postmaster General on his guard against those so-called friends who in one moment kiss him and in the next stab him in the back.

Mr. LAVERGNE: Where is the injustice about which my hon. friend talks?

Mr. POULIOT: I am not speaking against requests for investigations generally, but when made by some people those requests show ill will. I am in favour of fair investigations, those conducted with fairness and where fair play is in evidence. That is what I am for. I am sure my hon. friend from Montmagny must agree with me on that.

Mr. LAVERGNE: I agree with my hon. friend.

Mr. POULIOT: Then why talk so much about it?

Mr. LAVERGNE: I agree, but I should like to know when he deems an investigation to be unfair.

Mr. POULIOT: I have not five tongues; I have only one, but I try to make the best use I can of it. I cannot hide what I wish to say, and at times words do not come as fast as our thoughts.

Mr. LAPOINTE: They are coming pretty well.

Mr. POULIOT: We have to do the best we can. I am speaking to the committee as I would speak to a jury or a court of justice. It is for the sake of justice that I stand today in this committee to defend the cause of men who are not guilty, and to complain about the practices of unfairness and injustice carried on by the Post Office Department. I know the minister well enough to say that I am sure he has done his best. His duty now however is to establish general rules and principles for his department to follow, and special rules for those people outside the House of Commons. When a man is not elected—and the hon. member for North Huron knows this—when a man is not elected he should not be entitled to the same privileges as members of parliament, because his actions cannot be discussed in the House of Commons. My hon. friend from Montmagny, for instance, may make a complaint against a postmaster. I mention him only as an example, because I do not believe he would do so. If however he were to make an unfair complaint the matter could be discussed in the House of Commons during the discussion of the estimates for the Post Office Department, in the debate on the address in reply to the speech from the throne, or on some other occasion. He would be here, and we could discuss the matter with him. But those who are not in the House of Commons, escape. They write private letters to the minister so that they will not appear in the public files. What about those people? They cannot be located. They go away and hide themselves, and I am not going to play hide and seek with them.

I am here to prevent any injustice being done by the Postmaster General. He knows my intentions are honourable. He knows what I am doing now I do in the name of justice, and he knows that I have done other things for a similar purpose when as leader of the opposition in the province of Quebec he gave me his support. It is in appreciation

of his treatment of me in those days that to-day I wish to treat him fairly. When he was leader of the opposition in Quebec he helped me, and I thank him for it.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the resolution carry?

Mr. POULIOT: No. My hon. friend should not interrupt me because I do not wish to be disagreeable to him. After those preliminaries, which I should have liked very much to spare the committee, I should like to say a few words about a commissioner who carried on many investigations, but was sworn only after he had acted. He reminds me of a man who goes to communion before going to confession. I do not wish hon. members to think that I am complaining about all commissioners. I repeat the statement I made yesterday, namely that I commend the department upon the appointment of Mr. Lalonde as attorney. I do not know if Mr. Lalonde will fulfil our expectations, and although I am not in accord with all statements hon. members opposite may make about him we will see what he does, and judge him afterwards. His appointment may be a step in the right direction, and although we do not know what the future may hold it will reveal itself in due time.

I should like to say a few words concerning dismissals. In the province of Quebec there were 479 investigations, and in the other provinces only 238. In other words the province of Quebec had twice as many investigations as all the other provinces combined. The defeated candidates in the whole of Canada asked for 465 investigations, whereas members asked for only 252, or about one-half. The defeated Conservative candidates of the province of Quebec asked for 362 investigations, whereas the defeated Conservative candidates in the other eight provinces asked for only 103. In other words the defeated Tory candidates in the province of Quebec asked for three and one-half times as many investigations as did those throughout the rest of Canada. As for dismissals, the services of 436 postmasters were dispensed with on the grounds of political partisanship; resignations after having received the forms from the department numbered 33; change of sites, 75; other reasons, 91,—or a total of 635. I said I would mention the indirect dismissals. Through post offices being abolished 436 postmasters were dismissed. This brings the total changes up to 1,071. At the time these post offices were closed certain mushroom offices were opened in the neighbourhood and the appointees got their nomination through a political patron. There were 210 of these new post offices opened. This brings the total changes up to 1,281. The total number of investigations was 597.

There is another thing I complain of, and may I put the hon. minister on his guard with reference to it. I refer to stool pigeons —in French "mouchards;" people who make complaints against postmasters in order to get their jobs. I asked this question:

In how many cases, since August, 1930, has a postmaster charged with active political partisanship been replaced temporarily or permanently by a person making the charge or giving evidence against him?

The answer was:

In view of the fact that it will take some time to prepare the answer, it is recommended that this question stand as an order for return.

No order for return has been tabled. Perhaps this is because they are so numerous that there is no accountant in the Post Office Department who can number them. These people gave evidence against the postmasters, at times without corroboration, and were appointed to the vacancies they had been instrumental in causing. I have some of these cases, and they are rather interesting. Here is number 1:

Q. Was Mrs. Emma Rioux alias Mrs. Joseph Rioux, widow, heard as a witness in an inquiry held in connection with political partisanship in which Johnny April, postmaster of Gironde, county of Témiscouata, Quebec, was the person charged?—A. Yes.

Q. Was said Mrs. Rioux appointed postmistress replacing said Johnny April?—A. Yes.

The committee will notice that I am expediting this business as much as I possibly can. This is all I have to say about the post office at Gironde. As my hon. friend from Quebec East (Mr. Lapointe) points out there are so many of these cases that it is not my fault if the minister's estimates are delayed.

Number 2:

Q. Did Pierre Fortin lodge a complaint against Joseph Morneau, postmaster of Ivry, county of Témiscouata, Quebec?—A. Yes.

Q. Was said Pierre Fortin appointed postmaster to replace said Joseph Morneau?—A. Yes.

Q. Was he appointed after a regular inquiry was held?—A. The regular procedure was followed in this case. The appointment was made by the department on the recommendation of Mr. C. E. Dubé.

Mr. Dube, naturally, is the defeated candidate for the county of Temiscouata. The "regular procedure" mentioned means that no

procedure was followed, that is, there was no investigation. Number 3:

Q. Did Isidore Ouellet lodge a complaint against Narcisse Ouellet, postmaster of Lamy South, county of Témiscouata, Quebec?—A. Yes.

Q. Was said Isidore Ouellet appointed postmaster to replace said Narcisse Ouellet?—A. Yes.

Number 4:

Q. Was François Michaud heard as a witness in an inquiry held in connection with political partisanship in which Joseph Michaud, postmaster of La Richardiere, county of Témiscouata, was the person charged?—A. Yes.

Q. Was the said François Michaud appointed postmaster to replace Joseph Michaud?—A. Yes.

Those are four cases for the consideration of the committee. I have some others that I will give in a minute. The return has not yet been tabled, but I can show by what has happened in my own constituency the course that has been followed throughout the country. I have been in other constituencies and there I found the same condition as in my own constituency, that the people who lodged complaints against the postmasters did so in order to get those jobs. That is what I wish to prove. They were interested witnesses, I submit it is putting a premium on stool pigeons to encourage them by accepting their uncorroborated evidence. That is why yesterday I suggested to the minister that he consider only sworn complaints made by people who are absolutely disinterested, that is, who do not want the postmaster's position. By taking this course he will secure much more reliable testimony. May I read to the committee a letter to the Postmaster General written by Mr. Philippe Fraser of Notre-Dame des Sept Douleurs on the 30th of March, 1931:

Mr. POULIOT (Translation):

Notre-Dame-des-Sept-Douleurs,
March 30, 1931.

To the Hon. Arthur Sauvé,
Postmaster General,
Ottawa, Canada.

Sir,—

I have read your letter to Joseph Michaud, postmaster of La-Richardière. There is not a person, in the whole of Canada, who is more Conservative than I am. I receive the Debates of House of Commons, and I feel that I could not possibly allow the Prime Minister to be insulted, as he has been since the outset of the session, without putting up a fight. Take, for instance, the case of the Imperial conference and the sale of wheat; do you not think that one must be light-headed to carry on such a discussion? The wheat of the northwestern provinces could have been sold by the former Minister of Agriculture while on his trip to Europe, or in his pastoral visit to display his fine motor car. When he returned from abroad, did he state that he had tried to do something in this connection; there was nothing to show, except the expenses.

A flock of sheep! Is it possible, sir?

That is what a Conservative leader of the county of Temiscouata wrote—

I shall speak to you about Joseph Michaud. I have already spoken to you about him, you referred my letter to Mr. Dubé and that made him angry, however, that has no importance. I cannot, as an honourable man, do otherwise than help Mr. Michaud. And after having read your letter, I am ready to take the oath that Mr. Michaud was never guilty of any offence as mentioned in the letter. Those who are responsible for this are people in this locality; one voted for the Conservative party on July 28, 1930, because he had been thrown out by the Liberal party, while the other is on the fence.

Perhaps Mr. Michaud voted Liberal, however, I never asked him and he never told me. Mr. Michaud is a thorough gentleman, who has all the true Conservatives on his side.

I am the clerk of the council and I am pleased to sign his paper and I would not like to see this affair go any further.

Take courage, sir; I wish you God speed.

Yours faithfully,

(Sgd.) Phillipe Fraser.

Coming back to the stool pigeons, here is case number 5:

Q. Did Eugene Lepage lodge a complaint against David Lebel, postmaster of Montagne Ronde, county of Témiscouata, Quebec?—A. Yes.

Q. Was said Eugene Lepage heard as witness in an inquiry held in connection with political partisanship in which David Lebel was the person charged?—A. Yes.

Q. Was the said Eugene Lepage appointed postmaster to replace said David Lebel?—A. Yes.

That man lodged the complaint against the postmaster, gave evidence, and afterwards was appointed to the job.

Q. Did Alexandre Lebel lodge a complaint against Andre Beaulieu, postmaster of Raudot, county of Témiscouata, Quebec?—A. Yes.

Q. Was said Alexandre Lebel a witness in the inquiry in connection with political partisanship brought against said Andre Beaulieu?—A. Yes.

Q. Was said Alexandre Lebel appointed postmaster to replace said Andre Beaulieu?—A. Yes.

Q. Did the Postmaster General receive a petition signed by a number of persons to the effect that only one man, Alexandre Lebel, wanted to change the site of the post office?—A. Yes.

And he got it. Number 7:

Q. Did Mrs. Emile Ouellet, widow, lodge a complaint against Omer Sirois, then postmaster of Rioux, county of Témiscouata, Quebec?—A. Yes.

Q. Was said Mrs. Emile Ouellet appointed postmistress to replace said Omer Sirois?—A. Yes.

Q. Was she appointed after a regular inquiry?—A. The regular procedure was followed in this case. The appointment was made by the department on the recommendation of Mr. C. E. Dubé.

May I read a letter from Mrs. Ouellet, for it will probably interest the committee?

Mr. SPOTTON: Sure.

Mr. POULIOT: She wrote the right hon. Prime Minister on January 10, 1931, as follows:

(Translation) If you only knew how proud I am of my party and how I would dislike being deceived in this way.

I hope therefore that you will look into the matter and that I shall have my office for the end of January.

Yours devotedly,

Widow Emile Ouellet.

(Text): Here is a very nice letter written to a certain Mr. Dubé on March 1, 1931:

(Translation) Time passes and still no change as regards the post office. I would like to know if it is the intention to change it or not. You could not believe how much harm the Conservatives are doing themselves by not even being able to change this office which is altogether unsuitable to the district. There are no more postal notes and there are all sorts of complaints. He laughs in our faces and tells us we can't get the post office away from him. We got worked up about our party last summer and we became a laughing-stock. I must not annoy you further with these things; you know more about them than I do; but I would like to tell you that a big change is going to take place in the Conservative party, and rightly so, for after all Mr. Sauvé is Postmaster General.

Your devoted servant,

Widow Emile Ouellet.

This gives an idea of the complaints that are made to the Postmaster General. I know that at times he is greatly bothered by such complaints, but he understands very well that this is no reason why he should agree with everything that is said to him. Here is another very important case, about which I said a word yesterday.

The CHAIRMAN (Mr. Smith, Cumberland): The hon. gentleman has spoken for forty minutes.

Mr. ROBERGE (Translation): Mr. Chairman yesterday evening there was some talk of Garfield MacKinnon. There were interesting exchanges from both sides. Since I myself brought this question up on April 14, I would like to add a few words to complete the discussion. On April 28 the hon. member for St. Johns-Iberville (Mr. Rhéaume) brought the matter up again; he was told by the hon. Postmaster General that Garfield MacKinnon has been going around the country for the last twelve years. Mr. Chairman, if Garfield MacKinnon has been exploiting our letter carriers for twelve years it is no fault of mine for up to last January I had never even heard of the man. The first time I knew of his existence was when he came to Plessisville; I immediately warned our mail carriers not to join this association and told them I would find out about this man as soon as I got to Ottawa. When I had obtained the information I wanted I gave it to the house; I proved that this man is really a highway robber who has been mulcting people for the past twelve years.

The hon. Postmaster General stated on the floor of the house that he had given a satisfactory explanation to the member for Megantic, after the necessary inquiries had been made. I can say that the Postmaster General, the deputy minister, the superintendent and all his colleagues helped me in my efforts to obtain an investigation. But the minister added that he could do nothing because his legal adviser had informed me that the affidavit I had given him was not sufficient to warrant a conviction. At the time this explanation satisfied me; but since then I have consulted competent lawyers, and the hon. members for Drummond-Arthabaska (Mr. Girouard) and for St. Hyacinthe-Rouville (Mr. Fontaine) have told me the affidavit sufficed to bring about this man's arrest.

Mr. LAFLECHE (Translation): The attorney general of Quebec province can have him arrested.

Mr. ROBERGE (Translation): I'll come to back to that. You find it ticklish.

Mr. LAFLECHE (Translation): Not so ticklish as all that.

Mr. ROBERGE (Translation): I can say to the hon. member for Richmond-Wolfe (Mr. Laflèche), and to any other hon. member, that when they lose $5 they would rather keep mum about it than institute proceedings against a young man who lives in Ontario, and thus expose themselves to shelling out $200 or $300 of their own money.

Mr. LAFLECHE (Translation): The attorney general of the province can have him arrested.

Mr. ROBERGE (Translation): Anyway, if you yourself were swindled out of $5 you'd suffer in silence.

Mr. POULIOT (Translation): The Attorney General would never dare to have the man arrested because this man was at one time recommended by the hon. member for Richmond-Wolfe.

Mr. LAFLECHE (Translation): I emphatically deny that. I have had no connection whatever with MacKinnon. You are only trying to mix my name up with his; you are acting for someone higher up.

The CHAIRMAN (Mr. Smith, Cumberland): The hon. member for Megantic has the floor and unless he gives permission he may not be interrupted.

Mr. LAFLECHE (Translation): We know all about your tidy little system and your immigration side-line.

Mr. ROBERGE (Translation): The hon. member's share wasn't big enough.

Mr. LAFLECHE (Translation): Not big enough? I could hand you some, if I wanted to.

The CHAIRMAN (Translation): Order, order.

Mr. ROBERGE (Translation): The hon. Postmaster General should have one of his Quebec inspectors ascertain if the affidavit I furnished the minister was not in accordance with the facts and did not suffice to warrant a conviction. Let him send one of his inspectors into the counties where MacKinnon operated, Richmond-Wolfe, Megantic, or elsewhere; there he can get all the affidavits necessary to prevent this man from exploiting the people. I think I have done my part; and the department should do as much to protect our mail carriers.

Mr. LAVERGNE (Translation): I do not intend to take up much time, Mr. Chairman before coming to the subject I wish to discuss let me simply point out certain facts to the hon. member for Témiscouata whom I hold,—and he knows it,—in high esteem. I listened to him very attentively and, if I understand aright, his thesis is that anybody is entitled to lay a charge of political partisanship against a postmaster. Every citizen has as much right as a member of parliament to lodge a complaint against a postmaster. The hon. member for Témiscouata finds fault with the fact that enquiries were granted. Would he rather we came back to the old system, when the member for Gloucester,—him, too, I like very much,—dismissed postmasters without an enquiry? There still resides in my county a widow, the mother of eleven children, who was dismissed by the member for Gloucester. She asked for an investigation; it was refused. I requested the present minister to re-appoint, her because I thought she had been dismissed unjustly. On that score I rather feel that one cannot praise too highly the minister's sense of justice and of fair-play. Far from showing himself a rabid partisan he has often run the risk of displeasing his own followers by dealing justly with postmasters and standing up for them.

I may say that most of the postmasters let out in my constituency were dismissed at my request, but never without an investigation. I did not want a single one of them to be dismissed without an enquiry; but unfortunately I realized that they were in truth political agents, active partisans. If there has been any scandal about the matter it came not from the fact of their dismissal, but would have been the consequence of their being retained in office. The postmasters who had mixed in politics could have been dismissed on my personal recommendation. I did not act in that way because the facts were unknown to me.

Mr. FAFARD (Translation): What commissioner made the enquiries in Montmagny county?

Mr. LAVERGNE (Translation): In one case Mr. Gosselin; and in the other I believe it was—I had nothing to do with the investigation. I always refused to intervene with the investigating commissioner either for the complainant or for the postmaster. When a postmaster appealed to me for protection I answered: I will interfere no more than I would if an enquiry were requested against you or by you.

Mr. FAFARD (Translation): Did not the hon. member advise these postmasters to hire a lawyer to defend them?

Mr. LAVERGNE (Translation): I advised each one of them to employ a lawyer. In my own county I defended none. I know that in certain cases the enquiry proved the postmaster innocent; and I myself recommended that he be retained in office. I could have had him dismissed on my personal recommendation, as was done under the former Postmaster General; but I did not do that. As regards those who took the responsibility of recommending dismissals that concerns them. Far from accusing the Postmaster General we should be grateful to him for having defended those postmasters who were unjustly accused. There were numerous dismissals? Whose fault was it? The thing is that the federal employees in the province of Quebec, like those in the provincial service, had become political agents.

Mr. DENIS (Translation): Why add "in the provincial service?"

Mr. LAVERGNE (Translation): I add "in the provincial service" because during the last election campaign 60,000 of them overran our roads.

Mr. DENIS (Translation): Can that have any bearing whatever on matters of federal administration?

Mr. LAVERGNE (Translation): Yes.

Mr. DENIS (Translation): Not the slightest.

Mr. LAVERGNE (Translation): The hon. member says he fails to see how that has anything to do with federal matters. The day when he understands that will be the last Day of Judgment.

Mr. DENIS (Translation): I understand that as well as you do. Otherwise I would be known, like yourself, as a person of no importance.

Mr. LAVERGNE (Translation): The hon. member says he understands things as well as I do; and that I understand as well as the hon. member; that is not very flattering towards me.

Mr. DENIS (Translation): I do not need any dissertations.

Mr. LAVERGNE (Translation): The hon. member has no need of dissertations?

Mr. DENIS (Translation): No.

Mr. LAVERGNE (Translation): Then let him take a book and read. That will do him no harm.

Mr. DENIS (Translation): You've read too much for what you have understood.

Mr. LAVERGNE (Translation): Leaving aside the illustrious member for St. Denis and his remarkable interruptions, which throw a great deal of light on the debate, I shall continue.

Mr. DENIS (Translation): You won't throw any light on the subject.

Mr. LAVERGNE (Translation): If there have been a large number of dismissals it is because the complaints were equally numerous; and the complaints were so numerous because the facts were evident.

Mr. POULIOT (Translation): There was also perhaps the reason that lots of people wanted post offices.

Mr. LAVERGNE (Translation): It may be also that a number of people wanted to be postmasters. The hon. member for Temiscouata raised a great deal of objection to the fact that certain people who had lodged complaints were allowed to testify. I would find it rather strange if such people were not called as witnesses. If they declare that to their personal knowledge the postmaster had taken an active part in politics, it would appear rather remarkable to me if these people were not put into the witness box. That they themselves should have been appointed afterwards? Most of the appointments are made by the Civil Service Commission, except in the case of small post offices. So the Civil Service Commission, and not the minister, is responsible.

When I rose it was not to speak of this matter; the remarks I have made are merely by-the-way. I understand the department authorizes licensed agents to sell stamps where they will, within a specified territory, either in their own homes or by soliciting at others homes. They make rather remarkable incomes; some receive commission ranging as high as $10,000 and $15,000 a year. On the other hand a letter from the Post Office Department, signed by a Mr. Atwater, reveals that a certain postmistress who through the sale of stamps, boosted the revenue of her office to $400 or $600, from the $200 it was previously, is being subjected to an enquiry at the present time because she sells too many stamps. She has signed a sworn statement to the effect that she sells no stamps outside her post office. The fault found with this postmistress, Madame Jean, is that she sells stamps to people who do not mail their letters at this post office. Am I to understand that, according to the department, when a person buys a stamp in a post office that person must lick the stamp there and then and mail the letter in that post office? Or is this Mr. Atwater exaggerating when he forbids a postmistress to sell as many stamps as she is asked for? When a person comes into the post office must the postmistress, before selling any stamps to that person, ascertain whether the customer resides in the parish or in the neighbourhood and if all letters are to be posted immediately? Or is Mr. Atwater being overzealous? I would like to know.

Mr. SAUVE (Translation): Although my attention has not been called...

Mr. VENIOT (Translation): Louder, Mr. Minister.

Mr. SAUVE (Translation): Although my attention was not drawn to these facts by the hon. member for Montmagny, previous to the house meeting. I am sufficiently well acquainted with the case to answer.

The case to which the hon. member for Montmagny calls attention is a matter of daily

occurrence. Why? Because the postmaster is paid on the basis of the quantity of stamps he sells. It is but fair that a village postmaster should count on local clients in order to retain his revenue. Should a postmaster carry on propaganda on another postmaster's territory, the latter's salary is decreased, his revenue falls off, and that is not fair. The regulation has been in effect for a very long time and it is observed. When a postmaster fails to comply, an official of the Post Office department writes him and inquires how it happens that his revenue is increasing so abnormally.

Mr. LAVERGNE (Translation): That is not what happened in this instance. I wrote the department three times on the subject. The postmistress in question does not carry on any propaganda. The number of her clients has increased because citizens go and buy stamps at her place. These citizens include the village notary who directs a large office and who uses a lot of stamps as a notary, clerk of the municipality and bank agent. What appears extraordinary to me is the fact that the department is opposed to an increase in its own revenues, and secondly that the department's letter states the postmistress does not ascertain whether her clients reside in the locality.

An hon. MEMBER (Translation): The government does not lose anything.

Mr. LAVERGNE (Translation): In the first place, the government does not lose anything, and what is more, the thing appears ridiculous to me.

Mr. VENIOT (Translation): That has been the law since there is a Post Office Act.

Mr. LAVERGNE (Translation): Where is the law that compels a postmaster to sell stamps only to parties he knows, to those who reside in the locality, or, as Mr. Atwater states, only to persons who mail a letter in the post office where they purchase their stamps? I am passing through a village and I stop to purchase stamps as I go by. According to Mr. Atwater's letter, I would be required to mail my letter at that very office.

An hon. MEMBER (Translation): There is no sense to that.

Mr. LAVERGNE (Translation): No sense whatever, particularly when the Post Office department tolerates a vicious practice; there are licensed agents who sell postage stamps and receive very large commissions. That is a vicious practice. I ask the Postmaster General to instruct Mr. Atwater to accept the statement submitted to him and to cease annoying this postmistress who is only performing her duty, who carries on no propaganda and who is being persecuted at the hands of an over-zealous official.

Mr. VENIOT (Translation): Would the hon. member allow me to ask a question in order to clear up the matter? Does the postmistress you speak of sell postage stamps to persons living outside of her postal district?

Mr. LAVERGNE (Translation): That is not the case. She only sells stamps in her own post office.

Mr. VENIOT (Translation): The hon. member does not grasp my question: Does she sell postage stamps to persons living outside of her postal district and who come to her post office to purchase them?

Mr. LAVERGNE (Translation): That is quite possible.

Mr. VENIOT (Translation) : If she does that, she violates the Post Office Act.

Mr. LAVERGNE (Translation): Then, the law is badly worded. I would like to ask the hon. member for Gloucester a question: I am passing through Gloucester or Bathurst and I ask the postmaster to sell me a stamp. Should he refuse to sell me a stamp because I am not a resident?

Mr. VENIOT (Translation): No. We are speaking of a continual practice.

Mr. LAVERGNE (Translation): There is no continual practice in this case.

Mr. VENIOT (Translation): That is the law.

Mr. LAVERGNE (Translation): I understand that is the law but it is badly worded.

Mr. SAUVE (Translation): I may say to the hon. member for Montmagny that we will not only study the act but the case he has just submitted to the committee. If necessary, we will order an investigation.

Mr. MARCIL (Translation): I would like to mention a case that occurred in my riding. A man who was not satisfied with a change made in the post office did not purchase a single stamp at that post office during seven years. The department held several investigations. The man was interviewed, and the department finally acknowledged its inability to right the matter. This gentleman who was a man of high social standing had the right to purchase stamps anywhere outside of his district. He did so during seven years and the department admitted its inability to stop him.

Mr. POULIOT (Translation): As I understand the matter, a party has the right to purchase stamps but he has no right to sell them.

Mr. MARCIL (Translation): The department was unable to prevent that man from picking out the post office where he chose to purchase his postage stamps.

Mr. LaVERGNE (Translation): The member for Temiscouata is right.

Mr. VENIOT (Translation): When a situation such as that outlined a moment ago by the hon. member for Montmagny arises, the department in accordance with the regulation notifies the postmaster that the commission on the sale of stamps to residents of another district will be deducted from his salary and paid to the postmaster of the district wherein the persons purchasing the stamps reside.

Mr. LAVERGNE (Translation): That is ridiculous.

Mr. CASGRAIN (Translation): How can the matter be controlled? One may purchase stamps at a very distant post office, not necessarily at the neighbouring post office.

Mr. LaVERGNE (Translation): That comes back to what the hon. member for Temiscouata said a moment ago: One had the right to purchase, but one has not the right to sell. That proves how ridiculous the regulation is.

Mr. POULIOT (Translation): Mr. Chairman, I would like to address you in regard to the Sully case. However, before I do so, may I be permitted to reply briefly to the observations of the hon. member for Montmagny with respect to investigations. I agree with him that any Canadian citizen has the right to lodge a complaint against any civil servant not only of the Post Office department but of any other department as well. That is an inalienable right vested in every British subject. However, there is a marked difference between lodging a complaint against a postmaster and securing his dismissal merely on the strength of a signature. According to established custom, the securing of a postmaster's dismissal on the strength of a signature belongs to each member of parliament. The members have the right to lodge complaints against postmasters. Should a member mention in a letter that a postmaster has, to his own knowledge, meddled in politics, the minister usually dismisses the postmaster. It seems to me the same power should not be granted to a defeated candidate. The latter should not enjoy the same privileges as a member of parliament. Should he be elected at a later date, he will then enjoy those privileges.

Mr. CASGRAIN (Translation): It is a shame.

Mr. POULIOT (Translation): I have many files with reference to dismissals that have been made in Lake St. John county since the month of August, 1930, upon the member's personal recommendation. I have not got those files here. They are in my room. My hon. colleague from Charlevoix-Saguenay also has a number of files. The custom has obtained in the Post Office Department of granting dismissals upon the written request of a defeated candidate.

Mr. LaVERGNE (Translation): So reads the law.

Mr. POULIOT (Translation): It does not seem to me to be just, even though the law—

Mr. CASGRAIN (Translation): Not for defeated candidates.

Mr. POULIOT (Translation): It is going a little too far in the case of defeated candidates.

Mr. LAFLECHE (Translation): We even experience difficulty in getting them dismissed. We experience more difficulty in that respect than the defeated candidates.

Mr. POULIOT (Translation): I do not believe my hon. friend from Richmond-Wolfe experiences any difficulty worth mentioning. I happen to know he is very kind-hearted and that he sympathizes with those who are in distress. As a physician, he meets people and knows something of their misery. He tries to cure them and I am sure he is not doing justice to himself.

Mr. LAPOINTE (Translation): At least he does not use his bistoury on the postmasters!

Mr. POULIOT (Translation): I would like to ask the hon. Postmaster General a question in connection with the Sully post office. I have been told that the postmaster in charge there had not been dismissed but suspended. I would like to know whether the hon. Postmaster General intends reinstating Mr. Jean-Baptiste Plourde as postmaster at Sully?

Mr. SAUVE (Translation): I understand a returned soldier by the name of Jean is a candidate. His name is before the Commission.

Mr. POULIOT (Translation): I would also ask the hon. Postmaster General and if his answer is favourable that will be my last question in connection with this file, if the Commission is aware of the vacancy, if the Commission published the necessary notices

so that the appointment of the postmaster be made with the least possible delay.

Mr. SAUVE (Translation): Certainly.

Mr. BOULANGER (Translation): Before my hon. friend from Témiscouata takes up another case, may I be permitted to ask the hon. Postmaster General to give me some information with reference to the comparatively recent appointment of a new postmaster at St. Vallier. I understand there are two candidates for the position. Here is a case where the hon. Postmaster General was not compelled to dismiss the man, because the postmaster died. He had to be replaced. The two candidates seeking appointment were a Mr. Bélanger and a Mr. Bérubé. The Civil Service Commission required the two candidates to try an examination so as to determine their fitness and qualifications Mr. Bérubé was placed first. The Civil Service Commission subsequently recommended Mr. Bérubé's appointment to the Post Office Department. Rather than give effect to the Commission's recommendation, the Postmaster General rejected it, in accordance with Article 24 of the Civil Service Act, I believe, without giving any reason and took upon himself to appoint Mr. Bélanger. Of course, Mr. Bérubé wanted to know why he had not been appointed.

Mr. SAUVE (Translation): This is not a permanent appointment. The minister can only make temporary appointments.

Mr. BOULANGER (Translation): I cannot say whether this is a temporary or permanent appointment, but the fact remains that the hon. minister rejected the Commission's recommendation and appointed Mr. Bélanger.

Mr. Bérubé quite naturally wanted to know why he had not been appointed and also why Mr. Bélanger had been chosen in his stead. Mr. Bérubé wrote the hon. Postmaster General, in French, naturally, and the minister had one of his employees answer him in English, and tell him in his letter—

Mr. SAUVE (Translation): The hon. member is not fair.

Mr. BOULANGER (Translation): It is true, I have seen the file.

Mr. SAUVE (Translation): The hon. member knows the French language well enough not to say that I had a reply sent in English. The official answered in English.

Mr. BOULANGER (Translation): Mr. Bérubé certainly received a reply worded in English. He inquired why the other candidate had been selected in his stead and the only reason given him in English is: "You have been found unsuitable."

You can imagine this poor man's dismay to be called "unsuitable." He asks himself what can that mean. He asks himself what threat that word can imply. Does that mean he beat his wife, that he committeed some crime, that he robbed the poor-boxes in the church? His reputation at once suffers for it. You can imagine all the people in the parish of St. Vallier asking themselves why the Post Office Department calls Mr. Bérubé "unsuitable."

Mr. SAUVE (Translation): What is the official's name?

Mr. BOULANGER (Translation): I cannot say, I believe it is Mr. Coolican.

Mr. GAGNON (Translation): Why was his letter published?

Mr. BOULANGER (Translation): I suppose he tried to find out among his neighbours the meaning of this word. He wanted to know what he was being charged with.

I would like the minister to tell us quite frankly for what reason he appointed Mr. Bélanger and why and in what manner Mr. Bérubé is "unsuitable."

Mr. SAUVE (Translation): The hon. member for Bellechasse surprises me. I do not recall having been made acquainted with this correspondence that was exchanged between an official of my department and Mr. Bérubé. I will make the necessary inquiries—

Mr. LAPOINTE (Translation): The minister is very busy.

Mr. SAUVE (Translation): I am busy enough performing my duty and the hon. member for Quebec East should cease treating me in this manner.

Mr. LAPOINTE (Translation): I am speaking the truth, the minister is very busy.

Mr. SAUVE (Translation): I know quite well what the hon. member means to convey by those words. I do not think I deserve such treatment. The Liberal party was very strongly condemned in the past because of the numerous dismissals ordered by the Post Office Department. I am happy to note that the present administration is following in the very foot-steps of the Liberal party that preceded it in office.

Mr. CASGRAIN (Translation): And putting on speed.

Mr. MARCIL (Translation): Of course, the country has developed; there are more post offices and dismissals are more numerous.

The young members of this house who have not the experience which they will acquire if they pass thirty-five years here, will learn later on that it is dangerous pastime to go about changing postmasters and trying to please everybody. It is a grave mistake: in the first place it is a mistake on the part of the department authorizing the change, though it is compelled to do so in accordance with legal requirements, but it is chiefly a mistake on the part of the member or of the man who represents his party in the county—

Mr. LAPOINTE (Translation): Hear! Hear!

Mr. MARCIL (Translation): —as happened in the past. Unfortunately, in our part of the province of Quebec, the postal service was considered with very few exceptions as a patronage service.

In my constituency, there are about one hundred post offices and at least fifty have changed hands. What is the disadvantage? Well, the man who was put out awakens and he in common with all his relatives becomes a determined opponent of the administration that dismissed him. And in view of the fact that there was a half-dozen candidates seeking the job and only one was appointed, the others become malcontents.

Mr. POULIOT (Translation): Hear! Hear!

Mr. MARCIL (Translation): By an extraordinary coincidence—I do not want to hurt anybody—practically in all cases where the department made a temporary appointment, the post office inspector gave a rating that corresponded to that made by the department in the first instance. It is probably a coincidence, but the department's appointments were ratified by the post office inspector.

The Civil Service Commission in the creation of which I had a hand, in this parliament, since I voted in favour of this system in 1908, was required at the outset to deal only with the inside service. Later on, in 1917, we placed the outside service under the Act notwithstanding protests on the part of people with considerable experience who believed such a move was a mistake. I note with pleasure to-day that the present administration is beginning to realize the mistake committed at that time. Postmasters whose revenue is less than $3,000 have just been placed under the control of the department. This is as it always should have been, because in the outside service, the rural postmaster is not a "civil servant" as defined in the act. He is some merchant, blacksmith, or grocer who employs a young girl to attend to the office, who is appointed by the party to which he belongs and who will probably be dismissed when the other party wins. That is the present system. I am pleased to note a change is being made and that henceforth the department itself will make appointments. This will do away with the camouflage that has existed for years under the present system. Appointment of postmasters in the outside service by the Civil Service Commission was a joke. The inspectors told me all in turn that they were absolutely powerless in such cases, they had no officials to investigate conditions that existed in such and such a part of the country, to make the candidates try qualifying examinations, and in last analysis they were compelled to go by the post office inspector's report. This inspector is an employee of the Post Office department. He acts for the Civil Service Commission, but he is nevertheless an employee of the department and a man who is naturally pretty well acquainted with the sentiments prevailing in the district, who knows the intentions of the defeated candidate or the member who represents the riding. When he goes to a post office to conduct an investigation, whether it is a matter of coincidence or otherwise, this "rating" is always in favour of the man selected by the administration of the day. That is the old system. I am pleased to note that proceedings will henceforth be conducted openly and that the system applied years ago will be revived.

When I had the honour of being elected a member for the first time, there were no such things as commissions, no Civil Service Commission, no Railway Commission, no Board of Pension Commissioners, no commission of any kind. The member was the people's real representative. If there was something to be done in his riding, he would go and see the minister. The latter trusting him took action in line with his recommendation. The matter was settled and if the member had committed a blunder he was the first to suffer. The electors knew whom to blame, they knew where to place responsibility. To-day, parliament has given up all its powers. We are here merely as voting machines to vote hundreds of millions, even thou-

sands of millions. When I was elected in Bonaventure county in 1911 it was not for the purpose of waging war on Germany, yet we were compelled to wage that war. We are far removed from the system that prevailed years ago. Under the real parliamentary system such as I would like to see in existence to-day, the people's representatives should form the link between the ruling powers and the people. At the next election, Mr. Chairman the candidates will be answerable to the people for all that was done in this parliament. If the country was well administered so much the better; if it was badly administered, so much the worse. They will have to bear their share of responsibility towards the people.

Mr. Chairman, I asked the minister last year that when investigations took place they should be conducted with as much decorum as possible, so that the people may realize that the commissioner sent to a village is truly the representative of constituted authority. Each commissioner should be instructed to conduct his investigation either in the post office or in some public building, in order to invest the inquiry with a certain formality and raise the prestige of the department. I am sorry to say I noted in many cases in my county the proceedings were not conducted in that manner. That state of things has the effect of bringing discredit upon the department.

Mr. SAUVE (Translation): Instructions to that effect are given.

Mr. MARCIL (Translation): The instructions are not carried out. As a rule the commissioner proceeds to the postmaster's place of business and calls up the other interested parties over the telephone. The investigation starts, the witnesses do not appear. The residents are not surprised at what takes place. They expected as much, they know that all governments dispense their favours to friends.

Conducting proceedings in the open is all to the good. In all the investigations in my county, only two postmasters were held guiltless of the charges levelled against them, and probably by chance, they were two Conservatives. All the others were Liberals. I would certainly not want to be judged on the strength of evidence such as that given when these investigations were held. In a word, that is the state of affairs. The people must have something to do; they must busy themselves with public affairs and have their say. I have a word of advice to give the members: Do not make too many changes in the post offices, you will be all the happier later on.

[Mr. Marcil.]

Mr. POULIOT (Translation): Mr. Chairman, I only have three more cases to submit to the hon. Postmaster General. I will be very brief. A postmaster at Denonville was dismissed and the man who took his place was thoroughly qualified. He was so qualified, that he was unable to either read or write! That is the reason why he was not appointed in the first instance. Wilfrid Corbin, of St. Paul de la Croix, wrote the minister the following letter which speaks for itself:

My brother-in-law who lives in Montreal, Wilfrid Lebrun, and whom you know quite well and who is also the brother of Delphis Lebrun, your own brother-in-law, had told me repeatedly that you were a just man, but I can judge by what you are doing there that you have no greater sense of justice than any other "Blue." I understand you figure that will give you a chance. That will give you a chance, but I think you will not stay there long.

Mr. CASGRAIN (Translation): To whom was that letter addressed?

Mr. POULIOT (Translation): To the hon. Postmaster General. Mr. Corbin who wrote that letter to the minister misjudged him, but that just goes to show that the minister is misjudged when he lends an ear to complaints that come to him from various sources and that are not voiced by members of this house.

The first paragraph of the letter explains why Mr. Corbin wrote in that way:

Dear Sir:

I learnt to-day that you are taking the post office from Thomas Dubé's place. That was quite a surprise to me. In the first place, the post office inspector came here and did not hear any complaints. Thomas Dubé did not meddle in politics at all; neither did any member of his family.

Everybody was satisfied except three families who are on the fence and who want to have the post office removed and placed in the house of Théodule Michaud, the leader of these lukewarm people.

Mr. SAUVE (Translation): I beg your pardon, what parish is that?

Mr. POULIOT (Translation): Denonville.

There was a time when we needed the post office, but we no longer require it. In the first place, my papers will never go through this post office any more. Furthermore, here is a situation that I never saw before, the appointment of a postmaster who can neither read nor write, and whose wife is likewise handicapped. His children are but slightly educated and they are not of age. I am 60 years of age, and I never saw such a state of affairs before. I want an answer, an answer from yourself, not from the deputy Postmaster General nor from any of the house writers.

You will address the letter to Wilfrid Corbin, St. Paul de la Croix. Otherwise should you address it to Denonville, it will remain there as a dead letter. An answer.

The letter produced a good effect. Miss Irène, a daughter of Théodule Michaud, was appointed postmistress. She knows how to read and write.

Mr. LAFLECHE (Translation): How old is she?

Mr. POULIOT (Translation): Eighteen or nineteen years of age, but at all events, Mr. Chairman, you will observe—

Mr. LAFLECHE (Translation): How do you know her age?

Mr. POULIOT (Translation): I saw her age in the return.

Mr. Chairman, it is an unspeakable thing to appoint as postmaster a man who can neither read nor write. The department made a report, and not only was the minister deceived by those people with whom you seemed to sympathize a moment ago, Mr. Chairman, but he was even deceived by the officials of the department who stated that the people were quite satisfied with Mr. Michaud, when the latter could neither read nor write and did not even know his ABC. He made amends to some extent by appointing a young girl who could read and write. I will go no further.

Another case, is case No. 8 referred to as the stool pigeons' case. This is the Notre-Dame-du-Lac case. The questions and answers are in English.

1. Did J. T. Voisine lodge a complaint against Antoine Landry, postmaster of Notre Dame du Lac, county of Témiscouata, Quebec?
2. Did said J. T. Voisine bear witness in an inquiry held in connection with political partisanship in which said Antoine Landry was the person charged?
3. If so, was it on the evidence of said J. T. Voisine that the commissioner based his report against said Antoine Landry?
4. Was said J. T. Voisine appointed acting postmaster to replace said Antoine Landry?

The initials of the man are J. T., and the Christian name is Thomas. They did not say that it was the man, on whose evidence the commissioner based his finding, who received the appointment. The fact is, however, that that man was appointed, the only difference being that they used the Christian name rather than the initials. Stool pigeon.

Mr. Chairman, an inquiry was held into the Notre-Dame-du-Lac case. Going through the file one notes in the first place a letter from Mr. E. N. Dumas dated September 30, 1930, in which he asks to be appointed to this position, prior to the inquiry and the postmaster's resignation. On January 24, 1931, Mr. C. E. Dubé, forwarded Voisine's complaint against Landry to the hon. Postmaster General—this is the same Voisine who was subsequently appointed postmaster. On February 11, 1931, there is an affidavit from Antoine Landry, postmaster at that time, who states that he did not meddle at all in politics. On February 27, 1931, Mr. Green, the superintendent of the postal district, notwithstanding all his good intentions and good will to please those who control patronage for the time being, wrote the minister as follows:

The district superintendent has reason to believe that these circulars were treated at the office of delivery in the regular manner.

Now, let us turn to the inquiry. Voisine gives evidence:

In June or July, 1930, we received two circulars signed by Mr. Jean-François Pouliot, Liberal candidate. These two circulars were in favour of Mr. Pouliot and the Liberal party, and bore the caption: "Welcome to Mr. Bennett and the Dairy Industry." These two circulars were placed in my letter-box at the post office on separate occasions. Mr. Antoine Landry was the postmaster at that time. During the last election contest, I saw Messrs. Pouliot and Landry together. I do not know what they were talking about.

I was just going to deliver the circulars for which I paid one half-cent each in accordance with the law.

During the last election contest, in 1930, Mr. Landry was in the post office with Mr. Théophile Leclerc. I entered. Mr. Landry was holding the St. Laurent newspaper. That issue contained a report of the sums of money Mr. Pouliot had secured since his election as a member. Mr. Landry, after giving the details to Mr. Leclerc stated that even though Mr. Pouliot might have shortcomings he was the best man since he had secured so much money for the county.

This may be exaggerated, but I do not think it is a crime to speak in that way.

Mr. LAPOINTE (Translation): It is true.

Mr. POULIOT (Translation):

I do not know whether a person has the right to deposit circulars upon payment of same. To my knowledge, many people have these circulars. When I saw Mr. Pouliot and Mr. Landry, they were between the post office and the church. I saw Mr. Pouliot greeting other people and speaking to them. Messrs. Leclerc and Landry were the only people in the post office. I have no knowledge that Mr. Landry read Mr. Charles-Eugène Dubé's articles.

J. B. Voisine.

Mr. Théophile Leclerc: I do not recall having talked politics to Mr. Antoine Landry at the post office. I am his brother-in-law.

As I explained to the committee, yesterday, he started off by denying that there was any talk of politics between Mr. Landry, his brother-in-law and himself, but finally, the commissioner asked him: "Do you recall whether there was any talk on that score?" He replied: "I do not recall." He answered the commissioner in the terms of the questions put to him.

Mr. E. N. Dumas who was a candidate and who put in the first application for the position, states:

I have no knowledge that Mr. Antoine Landry displayed any political partisanship.

I am quoting from the minutes of evidence written by the investigating commissioner.

Philéas Roy—mayor, Conservative leader of the parish: I am not aware that Mr. Antoine Landry showed any political partisanship.

Eugène Nadeau: I found a circular from Pouliot in my letter-box. That is all I received. I have no knowledge that he displayed any political partisanship.

Maxime Michaud: I am not aware that Mr. Landry displayed any political partisanship.

Robert Beaulieu: Mr. Antoine Landry acted as a deputy returning officer in July, 1930. The polling booth was his home. Apart from that, I have no knowledge that Mr. Landry displayed any political partisanship.

Dominique Côté—another candidate: I have no knowledge that Mr. Landry displayed any political partisanship.

Ernest Caron: I have no knowledge that Mr. Landry displayed political partisanship.

Miss Maria Lévesque—she was employed as a house-maid at Landry's: I never was aware that Mr. Landry showed any political partisanship.

There was only Mr. Voisine's evidence.

On July 15th, 1931, the Postmaster General submitted to the Governor General in Council a memorandum requesting that Postmaster Landry be dismissed. He was dismissed on August 18th, 1931, by the terms of Order in Council 1994. On September 7th, 1931, Mr. Omer Bouchard forwarded to the Postmaster General a petition signed by 95 Conservatives in the parish asking that he be appointed. Those people said to themselves--

The CHAIRMAN (Translation): Carried?

Mr. POULIOT (Translation): No, not quite so fast.

The CHAIRMAN (Translation): I beg the hon. member's pardon, I thought he had concluded his remarks.

Mr. POULIOT (Translation): I am showing all the good will I can. I had about twenty cases to submit. I still have only one and a half.

[Mr. Pouliot.]

Mr. CASGRAIN (Translation): I also have several, but in order to meet the convenience of the house I will not deal with them.

Mr. POULIOT (Translation): Omer Bouchard forwards his petition. Ninety-five Conservatives of the parish of Notre-Dame-du-Lac sign it. Is that petition taken into consideration? No. On September 7th, Mr. Antoine Landry forwarded a petition which I intend placing on record. Out of 234 persons who reside in the postal district, 196 signed his petition addressed to the Postmaster General:

The undersigned petitioners respectfully submit:

We are all taxpayers or residents of the parish of Notre-Dame-du-Lac, in the county of Témiscouata;

We have known for many years Mr. Antoine Landry, our present postmaster whose office is situated near the church of Notre Dame-du-Lac, and we can certify that since he holds that position he has always performed his duties most satisfactorily to the public, not only with respect to the good management of the office but also by the courteous manner with which he has always received the people having dealings with this office.

Now, we personally know that certain parties are causing to be signed at the present time in this parish a petition alleging that Mr. Landry has resigned as postmaster, that this resignation has been accepted by the Post Office Department, and furthermore, that you had advised him another postmaster was being appointed;

We also know that these allegations are absolutely false, and that as a consequence, the signatures secured by the few persons at the head of the movement, were so secured upon false representations, for Mr. Landry never handed in his resignation and did not receive from your department any notice advising him that he was being replaced.

For these reasons, your petitioners earnestly pray you not to give effect to the petition submitted by the present opponents of our postmaster, and to retain the latter in his present capacity so long as he continues to give satisfaction to the great majority of the people and to your department.

And we shall forever pray.

Made and signed at Notre-Dame-du-Lac this seventh day of September, nineteen hundred and thirty-one.

This petition bears the signatures of 196 heads of families out of 234, and the parish priest and notary head the list.

Mr. Dumas wrote on September 7th for information but there was none forthcoming. On September 12th, Mr. Théophile Leclerc forwarded an affidavit to the hon. Postmaster General to the effect that his evidence had not been correctly reported. And he repeated what he stated at the time. I will not take up the time of the committee reading that affidavit.

On September 24th, 1931, the minister ordered the transfer of the post office to Mr. Voisine. On September 26th, 1931, Mr. C. E. Dubé wrote the deputy Postmaster General.

With reference to the application of Mr. Dominique Côté, a returned soldier. He spoke to me again on the subject and I would have been pleased to recommend him. However, I am advised that he is not qualified in any way, as he is uneducated.

This is absolutely false, because this returned soldier is sufficiently educated to manage a post office.

I recommend that Mr. Thomas Voisine be temporarily appointed.

This, notwithstanding the petition in favour of Mr. Bouchard which covered a large number of Conservatives had forwarded to the minister.

. . . . and when the Civil Service Commission decides to name a permanent postmaster, Mr. Côté will have every right to apply and the commission will be able to judge whether he is qualified, which I do not believe.

Mr. Gaboury, the deputy Postmaster General replied on September 30th:

I beg to state in reply to your letter that the department is issuing instructions for the temporary transfer of this office to Mr. Voisine with the understanding, however, that this temporary transfer, does not imply any special right to permanent appointment which rests exclusively with the commission.

When the temporary transfer has taken place the vacancy will be advertised in the usual manner.

Thus, on September 30th, the minister cautioned Mr. Dubé by telling him that the appointment rested with the Civil Service Commission, and that Mr. Voisine could not hold the position for all time.

The file contains an affidavit which I, myself, signed on October 24th, 1930, to the effect that I had paid one half cent per circular, and the minister had this affidavit in his possession before the transfer was ratified. I must, however, give credit to the minister for trying to suspend action. On November 3rd, 1931, Mr. Underwood sent the following communication to Mr. Tanner-Green:

Re Notre-Dame-du-Lac. Suspend all action towards transfer to Thomas Voisine. Wire how matter stands.

Mr. Green replied as follows:

Your wire of date Stop Notre-Dame-du-Lac transfer to Thomas Voisine 28 October.

(Signed) S. Tanner Green.

After that, a soldier, Mr. Dominique Côté, signed an application form in the hope of securing appointments as a returned man.

Mr. Chairman, in order to summarize my remarks on the Notre-Dame-du-Lac subject. I would like to ask the hon. Postmaster General whether the matter is actually before the Civil Service Commission and whether the commission has received from the minister an official request that the position be advertised so that the Civil Service Commission may make an apointment with the least possible delay?

Mr. SAUVE: Certainly.

The CHAIRMAN: Carried?

Mr. TOTZKE: No, Mr. Chairman. If I may be allowed to give the hon. member for Temiscouata (Mr. Pouliot) a little breathing space, I should like to direct the attention of the minister to one case of dismissal of a postmaster. First I desire to read to the committee part of a speech made by the Postmaster General in Montreal last April. I agree very heartily with the views expressed in this speech, but I regret that he has not lived up to them, or perhaps he expressed them after he had taken action on the case I am now bringing to the attention of the committee. This is the newspaper clipping to which I refer:

A civil servant, faithful to duty, has the right to count upon the justice of any government, regardless of party, Hon. Arthur Sauvé, Postmaster General, declared in an address at a meeting of the Montreal Post Office Employees' Association last night.

These are the few facts in connection with the dismissal of the postmaster at Jansen, a man who had given satisfactory service for twenty-three years. The complaint against him was forwarded to the department by Mr. E. S. Wilson, the defeated Conservative candidate in the constituency of Humboldt at the last election. After referring to what had happened to him personally when he had visited this town, Mr. Wilson proceeds to make what seems to me to be a very peculiar charge of political partisanship:

During the 1930 federal election campaign I again met Symons—

Symons is the name of the dismissed postmaster.

—but outwardly his attitude had changed, although I am informed that it is considered at Jansen that his activities under cover in the last election can be disclosed, and it would appear that he had a radio in the back of the post office with a loud speaker and entertained the public whenever possible with speeches by exponents of the Liberal cause.

This is the first time, Mr. Chairman, I have heard there were any Liberal radios in existence. He proceeds:

Some of the business men in Jansen who are conducting businesses in competition with Symons find it necessary to post their outgoing mail to a large extent on the train in order to ensure its delivery.

These are the main causes of complaint given by Mr. Wilson, the defeated Conservative candidate. These matters were referred to the superintendent of postal service at Saskatoon, and he reported on February 5, 1931, in part, as follows:

It would seem that the great majority of patrons of the office are fully satisfied with the present service. It is our opinion that the agitation against the postmaster is due in a great measure to business rivalry, and the jealousy so often found in a small community. Mr. Leightner's business—

Mr. Leightner was one of the complainants.

—conflicts with that of Mr. Symons in the real estate, loan and insurance branches while Mr. Schroeder—

Another complainant.

—as well as conducting a general store, owns a garage and acts as agent for the International Harvester Company and Imperial Oil Company.

Mr. E. J. Symons, postmaster, is of English birth, 43 years of age, has been in the Jansen district since 1906, and postmaster there since May 29, 1909. His services have always been considered satisfactory and no previous complaints of any serious nature appear to have been made.

In view of this and the expressions of opinion given to the inspectors by other business men of the village, I do not feel that the charges made in the affidavits returned herewith warrant a recommendation for any change in postmastership.

That is signed by J. H. Hunter, district superintendent at Saskatoon. Apparently that report should dispose of any complaints made by patrons, but nevertheless after the report had been sent to Mr. Wilson at Humboldt he again insisted that an investigation be made. On June 17, 1931, the department referred this matter to Commissioner George Wilson, who is a barrister at Kinistino, and a brother of E. S. Wilson, the defeated Conservative candidate. After this was done Mr. Symons, the postmaster, sent the Postmaster General the folowing telegram, dated July 28, 1931:

A charge of partisanship against me as postmaster is up for investigation before George Wilson, commissioner, at Jansen, Saskatchewan, Thursday. July thirtieth, two p.m. E. S. Wilson who is a witness was twice Conservative candidate federal election, is a brother of the commissioner holding investigation. I request some other commissioner be provided to hold investigation as to charges against me to overcome bias in the matter. Kindly give consideration to this subject.

When I heard of this I interviewed the Postmaster General, explaining the matter to him, and he agreed that it was not in the best interests of the public service, and not the best way to determine political partisanship, to have a brother of the defeated Conservative candidate act as commissioner. The hon. gentleman agreed that he would find another commissioner, and I was perfectly satisfied. I felt that if another commissioner were appointed, proper evidence would be brought out and if the postmaster had been guilty of political partisanship he would suffer the consequences. However, as a result of that telegram and the interview I had with the Postmaster General, on July 30 the Deputy Postmaster General wired Mr. George Wilson as follows:

Please suspend all action on investigation re E. J. Symons, postmaster at Jansen. Wire reply.

Of course the commissioner accepted the instructions contained in that telegram and wired that he had cancelled the investigation. Following this, a letter was sent by E. S. Wilson, to the Postmaster General under date of July 31, part of which reads as follows:

My purpose in writing you now is to ask that another commissioner be instructed to proceed with the investigation. It seems unfortunate that instead of my friends at Jansen receiving the cooperation of your department, by I presume press of business or some other substantial reason, everything seems to have been done to delay the procedure. . . .

I would ask that when you instruct another commissioner you have him take up with me personally the matter of a suitable date in order that I may arrange a time with Mr. Bates and with the complainants at Jansen.

The defeated Conservative candidate, then, accepted the decision of the Postmaster General to get another commissioner to conduct this investigation. Now I should like to read the reply of the Postmaster General to this letter. It is under date of August 7, and reads as follows:

I was very pleased indeed to get the full explanation in regard to the investigation in connection with the political charges against the postmaster at Jansen, as I could not quite understand the telegram which we received from the postmaster asking that some other commissioner be called upon to hold the investigation.

Here may I interject that the Postmaster General must have understood it, because I

saw him personally in connection with the matter. The letter proceeds:

Your letter of July 31, however, clarifies the situation and unless you particularly desire that another commissioner should hold this investigation, I am perfectly willing to give instructions that the case be dealt with by your brother.

After the defeated Conservative candidate had accepted the decision of the Postmaster General to employ another commissioner, apparently the hon. gentleman changed his mind and said that unless the defeated candidate particularly desired another commissioner he would see to it that the defeated candidate's brother conducted the investigation. Further, the Postmaster General says:

There is no objection whatsoever to your giving evidence, neither is there any objection to your brother being commissioner at the hearing where you are giving evidence.

Now I wish to direct the attention of the committee to this telegram, which was received from Mr. Wilson:

Re Jansen post office. Your letter August seventh request Commissioner George Wilson, Kinistino, be instructed to continue investigation. Writing.

So after the Postmaster General had, in a way, suggested that perhaps it might be more advisable to have his brother conduct the investigation, of course Mr. Wilson made that request. When I heard of this, after the promise that had been given me by the Postmaster General, I sent the following wire to the hon. gentleman under date of August 27:

You promised me during session that Commissioner George Wilson would not conduct hearing of charges against postmaster at Jansen. Am now informed he intends holding investigation September third. Protest most strenuously against brother of man preferring charges acting as commissioner and trust you will make other arrangements. Kindly wire me.

I did not receive a wire in reply, but some time later I received the following letter from A. Lalonde, secretary to the executive, who said:

In conclusion, however, I am instructed by the Postmaster General to assure you that in view of your strenuous representations against the commissioner, when the report is received in the department it will receive his personal consideration.

That letter is dated September 1, 1931. Naturally I was pleased to have the promise of the Postmaster General that he would give personal attention to the evidence in this case when it was received, and under date of September 5 I wrote him as follows:

My protest against the brother of the defeated candidate acting as commissioner to investigate charges of political partisanship in which his brother was personally interested, was not intended to be personal in any way, as I have not the pleasure of knowing the commissioner in this case, but as a general protest against this kind of thing being done. We know very well that, under certain circumstances, one is sometimes unconsciously biased no matter how fair one tries to be.

The investigation was held, and the commissioner sent in the folowing report:

After hearing the witnesses I find:

1. That the postmaster attempted, during the 1926 dominion election campaign, in conversation with the Conservative candidate for the Humboldt constituency, in which Jansen is situate, to discourage the candidate. Further in the same election the postmaster introduced the Liberal candidate for the Humboldt constituency to an elector whereupon the Liberal candidate made remarks to the elector in support of his party. These remarks were made in the presence of the postmaster.

The effect of that is that the postmaster made certain remarks to the Conservative candidate during the time of an election, which remarks were intended to discredit him in his campaign. Whether that can be classed as a charge of political partisanship I do not know. The candidate admitted that he was alone with the postmaster of Jansen at the time, but in his evidence the postmaster said he had no recollection whatsoever of having made remarks of that kind to the candidate. As to the statement that the postmaster introduced me to one of the citizens of the village, I recall that very well. He did introduce me to one of the citizens who was one of the staunchest Conservatives, but that introduction came quite casually. I was standing talking to the postmaster, not talking politics at all, and was introduced to this man, and I did make a few remarks in a jocular way concerning the election. I knew very well that he was a strong Conservative.

The second finding of the commissioner reads:

That the postmaster permitted the use of his automobile for the conveyance of voters to the polls on the day of the provincial election in 1929. Evidence was adduced by the defence to the effect that the car was so used without the knowledge of the postmaster. This evidence I discount.

The facts of the matter in connection with the use of that car are these. The postmaster, according to the evidence adduced, and which was corroborated by other witnesses, was in the hospital at Saskatoon at the time of the provincial election of 1929. He had been in the hospital two weeks prior to the election and remained there two weeks after the election, and I would suggest that a man in hospital is not very fussy about what use

other people want to make of his car. It was also shown in the evidence that the man who had used the postmaster's car had been working for him at various times and had got the use of the car on different occasions.

The third finding is this:

That the postmaster on the day of the dominion election in 1930 asked one William Henry Schroeder—

Mark you, this William Henry Schroeder was one of the complainants in the affidavit sent in against the conduct of the post office, which the superintendent of postal services in Saskatoon had dismissed as groundless.

That the postmaster on the day of the dominion election in 1930 asked one William Henry Schroeder if he were going to do any driving that day. Mr. Schroeder said he would if there were some remuneration about it. The postmaster said there were a few good Liberal votes that might not be able to get out to vote and Mr. Schroeder asked whom, whereupon the postmaster handed Mr. Schroeder a piece of paper with the names of from three to five persons written thereon. Mr. Schroeder brought in the voters.

That was absolutely denied by the postmaster, and there was no corroboration. This Schroeder was one of the men who were in competition in a business way with the former postmaster. When it was known that there was a likelihood of the postmaster at Jansen being dismissed, the citizens of the district and the patrons of that office got busy and circulated a petition which was forwarded to the Postmaster General, asking that the services of Mr. Symons be retained. One of the petitions was from the rural municipality of Prairie Rose, No. 309. It was signed by the reeve, the deputy reeve and all the council. This petition reads:

Jansen, Saskatchewan,
September 15, 1931.

We, the undersigned members of the council of the rural municipality of Prairie Rose No. 309, Jansen, Saskatchewan, having learned of the attempts being made to have Mr. E. J. Symons, postmaster of Jansen, dismissed from office hereby respectfully petition the Postmaster General, Ottawa, to retain Mr. Symons in office solely on his merits and his past services to the community.

We have known Mr. Symons for more than twenty years, and during the whole of that period have always received the most courteous, efficient and obliging service at the Jansen post office, and for these reasons humbly crave your clemency in this matter.

A petition was signed by 358 residents of the district, and patrons of the post office, praying that Mr. Symons be retained in charge of the office. There was also a telegram from the dominion secretary of the Canadian Postmasters' Association, dated Estevan, Saskatchewan, November 27, 1931. It reads:

Hon. Arthur Sauvé,
Postmaster General,
Ottawa, Ont.

Canadian Postmasters' Association protest strongly against dismissal of Postmaster Ernest Symons of Jansen, Saskatchewan. In view of no evidence of partisanship having been given against him at inquiry and also in view of the fact that the commissioner who conducted the inquiry was the brother of the complainant, public feeling locally is very strong against his dismissal, and our association respectfully asks you that his case be reconsidered in accordance with your promise of August 13, 1930, in which you advised us as follows "I am not infallible but if I should commit an error I shall do my best to repair it."

Briefly, that is the history of the dismissal of the postmaster at Jansen on a charge of political partisanship. Now, I know personally that during the last election in 1930, at any rate, Mr. Symons took no part in the campaign. We have the petition of 358 residents of the district, asking that he be retained; we have the telegrams from the postmasters' association, asking that he be retained; we have the opinion of these postmasters that there was no ground for the conclusion that this man was guilty of partisanship. I have quoted from the telegram from the secretary of the postmasters' association some words of the Postmaster General to the effect that he was not infallible and that if he made mistakes which were brought to his attention he would reconsider them and try to have them rectified. I have also read the statement that the Postmaster General made in Montreal, to the effect that no civil servant need fear anything from any government so long as he did his work. I submit that the record in this case does not bear out the sentiment expressed by the Postmaster General at these different times. After the evidence had been submitted to him on several occasions, I went and interviewed him, praying that he reconsider all the evidence in connection with the case. I got a number of promises, but apparently nothing was done, and I submit that if this is the sort of investigation that is going to be carried out when charges of political partisanship are made against postmasters, there might just as well be patronage plain and simple instead of having it camouflaged in this way.

I have not much more to add except that I hope the minister will take a different attitude in the future. I do not expect that there will be any review of this case now, inasmuch as the new postmaster has been appointed, but

I do hope that the minister will review the case for his own guidance in future. If he will consult the record for the Humboldt constituency since I have had the honour of representing it in this house, he will find that no postmaster has even been dismissed on any charges whatever on my recommendation—never on any charge of political partisanship—and I hope he will keep the record of that constituency clear in the future.

Mr. SAUVE: In answer to the hon. member for Humboldt (Mr. Totzke), all I can say is that my remarks in Montreal explained my feeling at that time and at the present time. I am sorry if a misunderstanding has arisen in the case mentioned by my hon. friend, and I shall be very glad to go further into the matter.

Mr. DONNELLY: Could the Minister advise me as to the name of the present postmaster at Rockglen in the constituency of Willow Bunch? This office was vacated some time ago because of a charge of political partisanship brought against the postmaster, Mr. Sproule. I entered a protest against this dismissal. I might say that this man was appointed some years ago on my recommendation. I went to the village when this matter was being taken up. Five or six applicants for the position had presented themselves to the people gathered together in the town hall, and they voted to have Mr. Sproule appointed postmaster. This man is a returned soldier and is a member of a Conservative family; none of the family have ever been known to vote Liberal. They come from the old family of Sproules here in the east, and probably some hon. members know what they are like—they are dyed in the wool Conservatives. A year or two ago a feud was started between this man and another man in the district, the other taking a solemn declaration that he was going to get this postmaster some time or other. When the government changed he seized the opportunity to lodge a complaint of political partisanship. I do not know that I should interfere in this matter from a political standpoint, because I think the action taken by the department has gained me many votes in the district. The father and mother of this man are very indignant over the dismissal. The chief complaint against him was that he had been a Liberal scrutineer in a provincial by-election in 1929. Both the scrutineer and the deputy returning officer took their oath that that was not so. Another charge was that he was acting as a Liberal secretary, but the Liberal secretary has taken his oath that he was not. The facts are that this man is a real estate agent and the returning officer asked him to come up to show him how to open the office to start the poll. He said he would; he was there for ten or fifteen minutes in the morning, and because of that he lost his job. He was doing no scrutineering at all. The board of trade of the village has entered a protest and half a dozen affidavits have been signed by different people in the district protesting against this man being dismissed. The affidavits state that nothing was known of any political activity. A petition was sent in, I think, signed by all but two of the people who patronize this post office protesting against the dismissal. Strange to say, the man who was foremost in having this man dismissed, a returned soldier who had been living with Mr. Sproule some two years ago and who was looking forward to getting the position, did not get the position which he was promised. The department went outside the village some thirty or forty miles and brought in another man to act as postmaster. This man is one of the applicants for the position, but I do not know whether he has been appointed as the permanent postmaster.

Mr. SPROULE: Does the hon. gentleman connect my name with that case?

Mr. DONNELLY: I cannot help it if the hon. member happens to have the same name.

Mr. SAUVE: I have not the name of the present postmaster, but I shall obtain it and let my hon. friend know.

Mr. DONNELLY: The man who has applied for the job and who was appointed temporary postmaster is Mr. Lawrence. He is a returned soldier, a blacksmith, who had been living some forty miles out from the village. Apparently there was no one in the district good enough for the position and they went outside. Perhaps the department could not find a Tory in the district. I know this man has put in an application and I was wanting to find out if it had been accepted. As I say, I protest against the dismissal of Sproule because he was a good postmaster even if he was a Conservative. His work was very satisfactory to the patrons of the office. He was not appointed because he happened to be a Conservative, he was appointed because it was thought he would give good service, and I think the department has made a mistake in his dismissal.

Mr. LUCHKOVICH: Mr. Chairman, for the last hour I have been debating with myself whether or not to take part in the discussion on these estimates. I am adverse to taking part in a pyrotechnical and polemical discussion on estimates of this kind, but inasmuch as there are two matters in which I am much interested and about which I am very deeply concerned, and inasmuch as many people in my district are agitated over these matters, I think it worth while to discuss them before the committee. I am very sorry that I was unable to follow fully the hon. members for Temiscouata (Mr. Pouliot) and Bonaventure (Mr. Marcil) who spoke in French, but I believe the hon. member for Bonaventure mentioned the new report and referred to the administration of the Civil Service Commission. I understand the hon. member for Temiscouata referred to men having sore mouths, and while I should like to speak with the sweet tempered moderation of which the poets make so much mention, in view of the extreme nature of these cases I cannot see my way clear to speak in any other tone than that of vigorous protest. I do not know why, but there has been no branch of the administration with which I have had so much trouble as with the Post Office Department. Ever since I came to the house in 1926, the Post Office Department has been a sort of jinx to me, and not only that, but in some respects a destroyer of the ideals which I had brought to the house. I entered parliament as a young man after the election of 1926 and one of the first things that was brought to my attention was the post office case at Mundare. A young high school graduate, George Woitkiw, asked me to intercede on his behalf with the Civil Service Commission. I therefore sent in my recommendation to the secretary of that body; I also visited the office of the Civil Service Commission and made a personal investigation of the case. What did I discover? I discovered, first, that Mr. Woitkiw received by far the largest petition in his favour, namely, 354 as against 115 for Mr. W. A. Stewart; second, he was favoured on pure merit by Doctor Roche, chairman of the commission; third, he received the following favourable recommendation from the district superintendent of postal service:

> George Woitkiw has actually been in charge of the work of the Mundare office for the past five years. He is particularly well equipped by reason of education and languages to take care of that office. His disposition and attitude towards the public are all that can be desired. The petition in his favour is to be considered practically the voice of the district, both the English-speaking and other sections.

[Mr. Donnelly.]

Finally, he received the following commendation by the chief examiner, Mr. Bland:

> On the three counts of being assistant postmaster, having had six years' experience in the office, and knowing the foreign languages which are necessary for the proper qualifications of the duties, I think Mr. George Woitkiw is the logical choice.

All hon. members will agree with me that, strictly on merit, Mr. George Woitkiw, whom I have just mentioned, should have been given the position of postmaster in the village of Mundare.

Mr. BROWN: Did the returned soldier question enter into the matter?

Mr. LUCHKOVICH: No; not a single returned soldier applied for the position. George Woitkiw did not get the job. Why? Because there was a nigger in the woodpile, and possibly many hon. members are interested in knowing who this nigger was. There was a villain who entered into the drama which arose out of my efforts to secure justice for Mr. Woitkiw, as well as to prevent the prostitution of the Civil Service Commission into a mere political patronage dispensary. That nigger in the woodpile was the ex-Postmaster General. As I have already said, I entered the House of Commons a young man, brimful of all the noble aspirations about which we hear so much, extremely zealous for the public welfare with an overwhelming ambition to reform and set things right, fairly saturated and oozing with evangelistic fervour; in a word, I came here as a young man with the highest of ideals. All those ideals were exploded by this single action of the Post Office Department away back in 1926.

The other day I placed on record Mr. Coolican's letter to the Civil Service Commission, asking, yes, I will say demanding, that the other applicant, that is, Mr. Stewart, friend of the defeated candidate, be given the Mundare postmastership. I do not know who this Mr. Coolican is. He evidently must have been acting under instructions from his department. To make a long story short, in this case I think merit was, figuratively speaking, given a slap in the face and patronage was restored again to its former unholy place. I am sorry to have to mention this matter. The other day a report was brought down in the house in regard to the reformation of the civil service administration, and the question I am asking myself now is: Will this new report and the subsequent legislation implementing its findings be successful in sustaining the merit system, or will they continue to allow the percolation of patronage

into the administration of the Civil Service Commission. On that occasion I expressed the opinion that unless a sufficient check were exercised on that body, and particularly on the Post Office Department and its officials, it would not be long before patronage would again begin to creep into the administration of the commission. I repeat: Unless this check is found and made sufficiently effective, nothing less than a trio of saints of the nature and character of St. Peter, St. John and St. Paul, would ever be able to keep the demon of patronage out of the Civil Service Commission, especially if the new commissioners were after the pattern of that saint of two thousand years ago who cut the ear off a patronage hunter of that time. I would not be so cruel as to suggest that the ex-Postmaster General should have an ear cut off, but if patronage is not eradicated, something of this nature might not after all be a bad idea. In such an event I know a lot of men who would be bereft not only of ears but of arms and legs as well.

My original intention, however, was to discuss, not the Mundare post office, but another matter that comes under the purview of the present administration. On March 23, 1931, I was advised by the district superintendent of postal service that unless fifty per cent of the eligible residents along the newly proposed Ryley route subscribed for rural mail delivery boxes, in other words, unless thirty-two of the sixty-three eligible residents along that route paid for boxes, said rural route would not be placed in operation. The establishment of that route was authorized and the contracts thereon duly awarded in 1930, but I have been told that in consequence of the failure of the residents of the locality to purchase rural mail delivery boxes, the service would not be put into effect. Several weeks ago I interviewed the Postmaster General and his deputy, Mr. Gaboury, and I was informed that the reason the aforementioned rural route was not put into operation was that the number of boxes was too small and the number of subscribers did not come up to the required amount. About twelve days after I had interviewed the Postmaster General, I received the following letter from the office of the district superintendent of postal service:

Edmonton, Alberta,
March 21, 1932.

Re: Ryley No. 2 R.R. proposed

Dear Mr. Luchkovich,—

In answer to your letter of the 16th instant, regarding the number of boxes on the above, I beg to say that I am taking the matter up personally with the postmaster at Ryley, in an endeavour to increase the number to the required amount.

Should I be successful I will let you know.

Some weeks later I received the following answer from Ryley:

The postmaster at Ryley was asked by the inspector, Mr. Hale of Edmonton, to see that the required number of applicants was raised as requested. This has been completed and were sent to Edmonton about three weeks ago. Will you kindly give this your attention.

M. B. West,
Ryley, Alberta.

Now I ask the Postmaster General in all sincerity if he thinks it is fair and just, under the circumstances, to ask these people to raise the number of boxes to the required amount, and then after the Ryley applicants had brought the number up to that amount absolutely refuse to put the rural route into operation. This is downright duplicity, evasion and equivocation.

Mr. BENNETT: Carried.

Mr. POULIOT (Translation): No, sir, one more question, the last, the right hon. Prime Minister will admire my diligence.

Mr. BENNETT: We can get up and go out now.

Mr. POULIOT (Translation): I would have liked to say how well things went on. I have but one question to ask the hon. Postmaster General and if he answers favourably, I shall not be obliged to go over the whole pile. I wrote to him, on May 17, in connection with the post office of St. Arsène, and I simply want to know whether I can expect an answer to my letter.

Mr. SAUVE (Translation): I did not quite catch what the hon. member said.

Mr. POULIOT (Translation): I wrote to the hon. Postmaster General on May 17, last, in connection with the post office of St. Arsène. I trust that the Minister has found time to read my letter; I would be much obliged if he could give me an immediate answer.

Mr. SAUVE (Translation): The hon. member for Témiscouata may rest assured that he will receive an answer to his letter, tomorrow morning.

Mr. POULIOT (Translation): What will be the answer?

Mr. SAUVE (Translation): As soon as I have prepared the answer, I shall forward it to the hon. member.

Mr. POULIOT (Translation): The Postmaster's answer is very vague, he must understand what I mean, and his answer should be ready.

So that the whole committee may understand my remarks, I shall continue in Eng-

lish. The site of the post office was changed at the request of the son-in-law of the man who is secretary-treasurer. He has said he was inspired by public interest, but he had only the interests of his family at heart. The fact is, however, that the post office was changed at a time when the Postmaster General had no complaint against the postmaster in question. In fact that particular postmaster was supported by several Conservatives in the parish who sent petitions to the minister stating that the man in question had not indulged in party politics, that he had been very quiet and did not bother about politics at all. This particular case is unique in that, although a Liberal, the postmaster was supported by Conservatives.

Not only that, but the minister himself wrote me stating that the management of the post office was satisfactory. Those two points ought to have been sufficient to leave the man in peace. Without any notice being given to the postmaster, however, the office was changed; it was transferred to some other place. At that time I wrote the Postmaster General, and no doubt he regretted what had been done as he regretted what happened at Notre Dame du Lac. He wrote to me that he had no objection to the man making his application to the Civil Service Commission, provided he offered a new site. That application was made, because the man believed in the minister's word. He was reluctant to apply. After I showed him the minister's letter he asked me, "What kind of man is the minister?" I said, "He is a good man; he is an honest man; you can rely upon him. If he tells you you may file your application you may be sure he will not object to your appointment. You are running the risk, but you are dealing with a fair man." He said, "If the minister is a fair man I will make my application, and if I am not appointed by the Civil Service Commission I shall not complain. If I am appointed by the Civil Service Commission the minister will confirm the appointment, and I shall be perfectly satisfied. I run only a fifty per cent risk." That man was appointed by the Civil Service Commission, but despite the fact the site he has offered is satisfactory, the minister has not yet approved the appointment. Surely the minister does not wish that man to have a wrong opinion of him.

Mr. LAPOINTE: He will not prevent the appointment.

Mr. POULIOT: I know that; I see that in his face; I know he will be true to his word. I know he will not disappoint that man who has played the game. He sent his application in the belief that the minister would stick to his word. I see him saying "yes." Does he mean "yes?" I am through with my speech if he answers "yes."

Mr. STEVENS: Is the hon. member carrying on an auction sale?

Mr. POULIOT: I hope the minister will fulfil my expectation. Does he mean "yes?"

Mr. STEVENS: How much am I offered?

Mr. POULIOT: I expect "yes" from the good minister.

Mr. SPOTTON: Ah!

Mr. POULIOT: I expect "yes" from his tongue and lips.

Mr. SAUVE: I shall do my best.

Mr. POULIOT: I shall be disappointed if the minister does not live up to my expectations.

Mr. BOULANGER (Translation): Mr. Chairman, I was requested to draw the attention of the Postmaster General to an act of injustice which, incidentally, did not take place in my constituency, but in the adjacent county, that of Dorchester. Mr. Couture, former postmaster of Frampton, has written to me enclosing the famous statement of the hon. Postmaster General at Montreal, in which it is stated that he extends his protection to postmasters and undertakes to shield them against all ills, annoyances and misfortunes which might happen to them, in a word, he becomes the father and protector of the unfortunate postmasters. Mr. Couture begs of me to inquire from the minister why he has not persevered in his good intentions. Mr. Couture was not dismissed as postmaster because he had taken an active part in politics or because he was guilty of political partisanship—no blame could be attached to him in this connection. Notwithstanding all the efforts of those seeking positions given by the Conservative party in the parish, they could find absolutely nothing against Mr. Couture to justify a dismissal founded on political partisanship. They then had recourse to other means, the site of the post office was changed. Mr. Couture contends that he was never notified of the decision to change the site of the post office, and that he was never given the option of choosing another location for the post office. However, the district superintendent contends that on two different occasions he wrote to Mr. Couture to notify him as follows:

I am instructed by the Postmaster General, through the Post Office Department to request you to kindly find a more convenient locality for the post office.

Mr. Couture, in a sworn statement—and his assistant also makes a sworn statement in that sense—that never did the letters of Mr. Green, superintendent of the Quebec postal district reach the post office of Frampton. Mr. Couture was never notified that the intention was to change the site of the post office and he was never notified to look for another locality. Finally he was dismissed, and the reason given was that he did not comply with the instructions from Mr. Green, which he swore never having received, a statement which is corroborated by his assistant. If it is a fact that Mr. Green really requested Mr. Couture to look for another locality for the post office, he was more fortunate than the people of my constituency, to whom the same mishap occurred. At St. Lazare, the postmistress was dismissed when the site of the post office was changed; there was no question of having written to her, or having given her the option of getting another locality. They had nothing to reproach her politically; however, in order to replace her by a Conservative election campaigner they simply changed the site of the post office. Following the provincial election, the new postmaster, at St. Lazare, a man named Bélanger, was appointed for services rendered to his party, having held a committee room in his residence—a Conservative committee, needless to say. I wrote to the hon. Postmaster General to request him to dismiss Bélanger, since he had dismissed liberal postmasters who were far from being as guilty as Bélanger. The Postmaster General, however, answered me very singularly, saying, "He kept a committee room in his home, but that has no importance whatsoever, as he is not yet permanently appointed as postmaster." He was shortly after. He was qualifying to become permanent postmaster.

Mr. Chairman, I avail myself of this opportunity to point out to the Postmaster General a number of other cases; I shall close my remarks in two minutes.

First, with reference to investigations held, some one suggested to the Postmaster General that he should simplify the procedure. I would suggest to him a more radical reform, namely: to entirely dispense with such investigations; it would be more honest. These investigations are but a camouflage, it is simply a smoke screen to mask the intentions of the Postmaster General. Before the inquiry ever begins, the postmaster is, usually, already dismissed or—it is a foregone conclusion—the site is changed, the camouflage is but a smoke screen. Why not be honest about it, why not entirely eliminate these investigations? Let the Postmaster General take the responsibility of the dismissal or of maintaining in office the postmaster.

As evidence that these investigations are a joke, most of the six or seven inquiries held in my constituency were presided over by a former defeated candidate in the county of Bellechasse. Following an inquiry held at La-Durantaye, one of my uncles was dismissed. I think, if the Postmaster General had wanted to display some courtesy towards me, he would have maintained him in office, especially as there was nothing against him. That investigation was presided over by a defeated candidate in the county, and the candidate whom I defeated in 1930 was also entrusted with preparing the evidence and the false witnesses. You will, sir, readily understand what importance can be attached to such inquiries! Instead of holding investigations of that kind, why not act honestly and simply dismiss the unfortunate victim unjustly charged. Moreover, he expects to be dismissed, it is a foregone conclusion: To the victor belong the spoils!

I now come to the case of Mr. Laurent Tanguay, an employee in the Department of Justice, to whom I often referred. I requested his dismissal. I charged him here, in the house, under my responsibility as a member, with political partisanship. As a member of parliament, I requested an investigation, it was not granted. I charged Tanguay with having openly and impudently taken an active part in politics, during fifteen days. At the last provincial election, he was the principal speaker of the Conservative candidate, in the county of Bellechasse. I thought, as a simpleton: Since postmasters were dismissed for the acts of their children or wife, they would also dismiss Tanguay. I thought that if I lodged a complaint, as member of Parliament, the department would act, an investigation would be held and Tanguay dismissed. I have never heard any further about my complaint and so far, nothing has been done. I was, recently informed, by the reply made by the Postmaster General to the hon. member for Megantic, that Tanguay had thrown off all restrain. The latter, it seems, is an employee in the Justice department but in truth, his duties consist in filling vacancies, he looks after the petty work of "patronage" for the Conservative party, at Quebec. Not only was he given an office in the post office in Quebec—a government building—but he is given an assistant from the Post Office department to help him in his work; his correspondence is forwarded under the privilege of the postal frank of the Quebec District Superintendent.

Mr. Chairman, I never before heard of such a notorious abuse. When the Liberals were in power, those who handled patronage for the Liberal party did not have the impudence of installing themselves in government buildings and making use of the officials for their own work. They did not have the impudence of using the frank for their correspondence. Those are the facts I wanted to point out and against I protest.

Mr. BOUCHARD (Translation): Mr. Chairman, I merely want to ask the hon. Postmaster General whether a rural mail service has been established at Rivière-Ouelle, and who has been appointed mail carrier?

Mr. SAUVE (Translation): The hon. member for Kamouraska will admit it is somewhat difficult to answer on the spur of the moment. I could give him an answer tomorrow by letter, but I cannot answer him now.

Mr. BOUCHARD (Translation): Mr. Chairman, I would ask the hon. Postmaster General, when he forwards me that reply, to explain also an anomaly that exists with respect to that appointment. In the first place, on December 10, tenders were called for in connection with this contract. The tenders were opened: Pierre Boucher, of Rivière-Ouelle, $510; Louis-Philippe Boucher, $550 and, among others, Alfred Lebel, $594. The day the tenders were received, Alfred Lebel wrote the hon. Postmaster General as follows:

Honourable minister:

It was due to an error that I put in a tender of $594 in connection with the Rivière-Ouelle mail contract, rural route No. 1. Please correct my tender and insert the amount of $505 which I am willing to accept.

I find it somewhat strange that Lebel should have written the day the tenders were to be published, that is December 10, that he agreed to reduce his tender price to $505, exactly $5 lower than that of Pierre Boucher to whom the contract was awarded, nevertheless. Several requests were forwarded to the hon. minister. He always replied: No, it is impossible, the contract was awarded to Pierre Boucher, the lowest tenderer, and nothing can be changed. Finally, I find a letter written by the hon. member for Dorchester who, I suppose, has developed a certain fondness for the county of Kamouraska since he contributed with his excellent friend the Solicitor General to the splendid victory I won in 1925. The hon. member for Dorchester, since it is signed O. Gagnon, said:

[Mr. Boulanger.]

Dear Mr. Anderson,

re Rivière Ouelle Mail.

In view of the fact that M. Lebel is carrying the mail between the central post office and the two small post offices which will be closed. I think it is only fair that Lebel gets the contract.

Yours truly,

O. Gagnon.

And then, instructions were given and I can find absolutely nothing in this file that justifies this change of front on the part of the minister. Here we have the man who put in the lowest tender; his contract is signed, and there is only a letter signed O. Gagnon which the hon. minister can possibly identify more readily than I could, and that results in the department facing about in this manner. And they fall back on that because the gentleman who holds the contract says he made a mistake which he is very slow in pointing out and stating that he is prepared to correct that mistake by submitting a tender at a price lower by $5 than the tender price of the man who had secured the contract.

Mr. SAUVE (Translation): I wish to say to the hon. member for Kamouraska that I will ask the superintendent, Mr. Anderson, to give me all possible information on the matter and I will pass this information on to him.

Mr. VENIOT: I am anxious not to delay the passing of the estimates of the Postmaster General; it is now almost six o'clock, and if there are no other hon. members to speak I will be as brief as possible in order to put through these estimates by six o'clock. I have waited all afternoon; I did not want to take the place of any other hon. gentleman, so I hope the committee will bear with me in the few remarks I have to make. As I sat listening this afternoon I was reminded of scenes that occurred in this house in 1929; to-day I saw the chickens come home to roost. I did not feel so sorry for the Postmaster General as I did for some of his colleagues, who had to listen to complaints with regard to violations of the regulations, and complaints with regard to the way dismissals have been made. These same complaints were made against me in 1928, when I was Postmaster General.

With those opening remarks I wish to direct the attention of the Postmaster General to a case in which I think action should be taken immediately, not in the interests of the officials concerned but in the interests of the principle laid down in the Civil Service Act with regard to the method of making appointments. I have in my hand the record with regard to a vacancy at Oliver Siding in the

county of Restigouche. I am not going into the question of the dismissal or the appointment, but the report of the district superintendent at St. John should have been forwarded long ago to the Post Office Department. In that report I find these words:

> . . . it may very reasonably prove in the interests of the department eventually if the appointment of a permanent postmaster be delayed for as long a period as possible. The rating has been signed with this qualification.

I want to direct the attention of the Post-Master General to this condition of affairs. No superintendent should be allowed to make a report like this. The reason for this recommendation is that the man who was then temporarily in charge of the office, after a dismissal had been made for political reasons—and this office comes under the Civil Service Commission—was under a cloud for some sort of misdemeanor, and bitter complaints had been sent to the department. This man was brought before the courts on a criminal charge, but the grand jury threw it out. I do not say whether or not this man was guilty of wrongdoing; I know nothing of the case, but I say a report of this kind should not be sent in, recommending that this man be not appointed permanently for the present and that the qualifications be not sent to the Civil Service Commission until it is seen whether or not the man will prove worthy of the confidence that was placed in him in the beginning. That is a practice that should be stopped, and the district superintendent who countenanced that report should be reprimanded. Nothing like this should be allowed to prevail in any department of the government. If a man is worthy of being appointed to a position it should be given him; he should not be appointed temporarily in order to see if his reputation will improve. I may add that in this case a couple of returned soldiers wrote the district superintendent at St. John for forms with which to apply for that position, but they were never favoured with a reply.

There is another case to which I should like to refer, having to do with the appointment of a postmaster at St. Quentin, in the county of Restigouche. I do not want the minister to inquire into the qualifications of that man but I do want him to inquire into his nationality. My information is that he is an American subject, and if he is not a British subject he has no right to a position under the Civil Service Commission.

Then there is a case in Green Point, in my own county, to which I should like to refer. A Madame Thomas Fournier was appointed temporarily to this vacancy. I want to remind the Postmaster General that under the act a married woman cannot be appointed postmistress if her husband is capable of supporting the family. In addition to that, some ten or twelve years ago, when members of this family looked after the post office at Green Point, they were dismissed because of shortages in their accounts, and I should like that matter to be taken into serious consideration. I believe there is a scheme on foot to have some of the people who were connected with those dismissed for shortages appointed in charge of that office.

I have one other case to draw to the attention of the minister, and I hope to conclude in a few minutes. This is a case in the county of Colchester, Nova Scotia. If the minister does not know it already I want to inform him of the way in which some of his superintendents are notifying postmasters to get off the job. I have here a letter dated Halifax, March 29, 1932, addressed to Mr. A. J. Yuill, Old Barns, Nova Scotia, reading as follows:

> Dear Sir:
> I have received instructions from the department at Ottawa to relieve you of the post office and to transfer it temporarily to Mr. Harold Crowe Chisholm. The reasons for the change are that the proposed site is more suitable and centrally located. You will be advised of the date on which the transfer is to take place.

That is signed by the district superintendent; the man is dismissed and then held in office until the transfer takes place. If I had been that postmaster I would have walked out the moment I received that notice. The reason given is that the other place is more centrally located. Well, the old post office is situated, we will say, where the Postmaster General is sitting, and the new one is situated where I am standing in relation to him. It is only 60 feet across the street; they are opposite each other. Why that reason was given, therefore, that it was more centrally located, I do not know.

The Postmaster General said last night that during the time I had the honour to be Postmaster General I had made 317 dismissals without investigation, without report, or without reason. He must have been wrongly informed by somebody. I know that he would not do me an injustice. However, I have here the record which I have submitted to the house at different times in regard to dismissals, and that record I will place on Hansard once more. From October, 1926, to

April, 1928, there were 473 dismissals made by myself, and during that time 383 of these dismissals were made on report submitted either by inspectors or by investigating commissioners. That is on record. Among those there were 56 dismissed for shortages, abandonment of office, arrest of postmasters. There were 47 due to unsatisfactory management, and on investigation and report. There were 49 due to changes in site, on the report of inspectors, and there were 4 reinstatements. In interest of service, on report, there were 91, and no reason given, 90. The next list shows 84. All of these 84 were dismissed on certain reports after investigation, except 2. In the next list there are 45, and of these, in every case except 2, there were reports from inspectors or investigating commissioners. This list is made up as follows: Shortages, abandonment of office, and arrests, 22; unsatisfactory management, on reports of inspectors, 9; changing site contrary to orders, 1; interest of service, on report, 2; changes in site, on report, 6; and political partisanship, 5.

That makes a total of 602 up to the beginning of the year 1930. I have not the record with me from that date up to June, 1930, but up to the present time, under my hon. friend opposite, there have been 597 dismissals in eighteen months, or an average of 33 per month, whereas during my time there were 602 dismissals in a period of four years, or about forty-five or forty-six months—I am not counting the 400 referred to by the hon. member for Témiscouata—and that gives an average of 14 a month. So that we have 14 a month on my part as compared with 33 on the part of the present minister.

I should like to have gone into some other matters such as postage stamps, for example. I see that there have been laid on the table supplementary estimates in which an additional amount of $266,000 is asked for. I understand that this is for extra cost of postage stamps and other matters connected with the department. As I say, I should like to have been able to deal with these matters, but I wish to facilitate, as far as I can, the passing of these estimates, and with these few remarks that I have made I will now do what I can to help the minister get the estimates through.

Item agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

[Mr. Venoit.]

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 75, for the relief of Ida Tarantour Waxman.—Mr. Heaps.

Bill No. 76, for the relief of Frances Helen Dawes Porteous.—Mr. Bell (St. Antoine).

Bill No. 77, for the relief of Minnie Jones Chandler.—Mr. Lawson.

Bill No. 78, for the relief of Elizabeth Irene Woolnough.—Mr. Bell (St. Antoine).

Bill No. 79, for the relief of Ellery Sanford Johnston.—Mr. Garland (Carleton).

Bill No. 80, for the relief of Farla Goldman Rother.—Mr. Jacobs.

Bill No. 83, for the relief of Romeo Xavier Vandette.—Mr. Bell (St. Antoine).

Bill No. 84, for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.—Mr. Garland (Carleton).

Bill No. 85, for the relief of Ida Judith Clark Freudberg.—Mr. Bell (St. Antoine).

Bill No. 86, for the relief of Elizabeth Ann Routledge Gunther.—Mr. Lawson.

Bill No. 87, for the relief of Chesley Hastings Potter.—Mr. Bell (St. Antoine).

Bill No. 88, for the relief of Theo Alice MacFarlane Lamb.—Mr. Bell (St. Antoine).

Bill No. 89, for the relief of Chia Hannah Shiff.—Mr. Heaps.

Bill No. 90, for the relief of Margaret Spencer Heald.—Mr. Bell (St. Antoine).

Bill No. 93, to incorporate The W. S. Newton Company.—Mr. Kennedy (Winnipeg South Centre).

SUPPLY

DEPARTMENT OF NATIONAL REVENUE

The house again in committee of supply Mr. LaVergne in the Chair.

Civil government—National Revenue—
Salaries, $956,772; contingencies, $50,000.

Mr. EULER: Mr. Chairman, will my hon. friend—

Hon. E. B. RYCKMAN (Minister of National Revenue): If my hon. friend will permit me, I should like to say a word.

Mr. EULER: Certainly.

Mr. RYCKMAN: As I look at this book of estimates, I see two pages in front of me and I see that in nearly every case the effort that has been made to decrease the estimates has been followed by success. The increases

are in the Department of National Revenue, and they are considerable in amount. These increases, however, are more apparent than real, having been occasioned by the treatment which the board of customs has received. In past years the board of customs, a board set up under section 3 of the Customs Act, attracted to itself a personnel, which of course involved expenditures. This year it was thought desirable that the personnel of the board should be put where it properly belonged and that the expenditures so involved should also appear under civil government, which, in fact, they are. Therefore there are these apparent increases, but they are due to the taking over of 184 employees attached to the board of customs with an expenditure of about $414,000, so that in effect this is not an increase, although it is so styled.

The result of the appropriations that are laid before the committee to-night in connection with National Revenue is that there is a decrease of over $3,140,000. I was very anxious to say that and I am pleased the hon. member for North Waterloo gave me the opportunity, because the initial page was spoiled by these large increases for which, as a department, we are not responsible at this time. They are a bookkeeping entry, if I may so put it, taken into the account for the first time, and hereafter these items will appear under National Revenue, civil government.

Mr. EULER: I presume the amount of increase, then, will mean a decrease in the other very large item, No. 277?

Mr. RYCKMAN: My hon. friend is right.

Mr. EULER: It is a transfer from one to the other. In connection with the board of customs, does my hon. friend really think the 100 or more employees who are supposed to be under the control of that board are so in effect? I used to think it was pretty much of a misnomer; perhaps my hon. friend does not see it in that way.

Mr. RYCKMAN: I would agree with my hon. friend. The answer to his question is no.

Item agreed to.

National Revenue—

Salaries and contingent expenses of the several ports in the Dominion, including pay for overtime of officers, notwithstanding anything in the Civil Service Act, and temporary buildings and rentals, $6,600,000.

Salaries and travelling expenses of officers of the inspection, investigation and audit services, $692,000.

Miscellaneous, including printing and stationery; subscriptions to commercial papers; flags; dating stamps, locks; instruments; express charges on samples; legal forms; legal expenses; premiums on guarantee bonds; uniforms for customs-excise officers; laboratory equipment and supplies, etc., $625,000.

To provide for the expenses of the preventive service, including maintenance of revenue cruisers, salaries and expenses of officers appointed for the prevention of smuggling and for the investigation of reported frauds against the revenue, the purchase or charter of vessels and the purchase or hire of automobiles to be used in the prevention of smuggling or other offences against the revenue laws, $1,340,000.

Amount to be paid to the Department of Justice, to be disbursed by and accounted for to it, for secret preventive service: to create positions, make appointments and pay salaries and expenses of officers appointed for the prevention of smuggling and to investigate reported frauds against the revenue, notwithstanding anything contained in the Civil Service Act, and the said positions and staff so appointed to be wholly excluded from said Act, $55,000.

To provide for the administration of the Income War Tax Act, 1917, and amendments thereof, and authority for this purpose to create positions and make appointments notwithstanding anything contained in the Civil Service Act, and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, and salary of $7,200, for the Commissioner of Income Tax, $1,915,000.

To pay to Captain S. Dunphy, North Sydney, N.S., the whole or such part of the sum of $5,000, deposited by him and by decision of the minister forfeited to the crown in re seizure No. 50550/13054, as may be necessary to enable him to defray his costs as respondent on an appeal to the Privy Council from a judgment of the Supreme Court of Canada in his favour in an action for damages brought by him claiming legislation under which seizure was made to be ultra vires, $5,000.—Total, $11,232,000.

Mr. EULER: Perhaps my hon. friend desires to make a statement explaining the decreases in this item.

Mr. RYCKMAN: If my hon. friend will permit me, I do not know that I am very anxious to talk, but since I have been invited and drawn to my feet, let me make this brief statement. When these estimates were prepared I was impressed with the absolute necessity of special economy. I knew we had to cut according to the cloth; I felt that the cloth was scanty and I still feel that is so. When these estimates were first prepared I thought it might be possible to cut them even to the very quick, with the result that the estimates of this department are put in at a figure that does not allow us efficiently to carry on. I realize, as I am sure all hon. members do, that if a business needs money, the expenditure of it may mean either the saving of the business or a large profit to it. I was forced to the conclusion, after these estimates were prepared, as they were a couple of months ago, that we needed more money,

and therefore I have a supplementary estimate running into something like $780,000. If the committee is good enough to pass that item, nevertheless the result will be that we have saved and bulked in decreases more than $3,140,000. I want the committee to give me that extra sum I have mentioned. During the past year we have spent some special amounts in connection with customs and more especially in connection with income tax, and the harvest has been abundant. In and about one city over $500,000 was collected in revenues. I am anxious that the Department of National Revenue shall function to the satisfaction of the House of Commons and the country. There has been no extravagance that I know of. If any member of the committee knows of unwarranted expenditures, unnecessary developments, or any action taken which needs explanation, I should be very happy to have the matter mentioned to me at this time. I am not inviting contest; I have nothing but a plain story to tell with regard to the business activities of the Department of National Revenue. There have been statements made, however, that with the loss of revenue, which I am convinced could not have been avoided, there was not the best management in the department. I will yield to that charge; I will not however yield to the statement of anyone who says that there was not an earnest, painstaking effort to produce the best results in the department of which I am the head.

Mr. EULER: I believe I might almost congratulate the minister on the fact that he has been able so substantially to reduce his estimates. The only point which occurs to me is the one which he has mentioned himself.

Mr. RYCKMAN: That I have gone too far?

Mr. EULER: Yes, perhaps. After all the Department of National Revenue is successful only to the degree to which it collects revenues. That collection takes the greatest degree of supervision and vigilance and cannot be accomplished without certain activities. For instance there must be adequate allowance for salaries and travelling expenses of officers of the inspection, investigation and andit services. The investigation and audit services are particularly important because it is through the exercise of those services that the department is able to ascertain where the revenues are not being paid as they should be. I am wondering whether the minister has gone too far, and that through the elimination of certain expenditures he may lose more than he gains. That is, he may lose more through loss of revenue than he gains by the cut. I merely make that observation in passing. If he is not, it might be fair to assume that the late government spent too much—an accusation I should not like to admit. There is no doubt the cut is very large. In the first item there is a decrease of almost $2,000,000. I presume that is partially attributable to the fact that there has been a ten per cent reduction in civil servants' salaries. I should like to ask the minister, however, whether he is quite certain that he is retaining a sufficient auditing and investigating staff to get the necessary results by way of revenue, and I am wondering if he is not losing revenue because of the decrease in his expenditures.

Mr. RYCKMAN: The interrogation of the hon. member is most appropriate, and the subject to which he has directed my attention is the one which has troubled me most. Finally, however, after going into executive sessions with the officers of the department we have decided that if the supplementary vote is granted we can carry through with a strong arm. That being so, in these times I am not going to fight for any margin to work upon, because we need all the margins we can get to carry on the business of the country. As my hon. friend has said, the whole thing amounts to only a straight business proposition. Will the sum for which we ask advance the interests of the country, or will it not? After the best consideration we in the department have been able to give, we have come to the conclusion that the sum before the committee is sufficient.

I shall now show how the $1,964,860 is made up. The estimate for the year 1932-33 is $6,600,000, as compared with $8,564,860 for the year 1931-32, or a decrease of $1,964,860. This sum is made up as follows:

Vacancies not provided for, 330; attached to that, $568,245; ten per cent on salaries, $657,661; decrease in contingencies, $738,954; amount required in 1932-33, $6,925,000; amount approved in estimate, $6,600,000.

Hon. members will note that the amount short is $325,000, which is made up in the supplementary estimates.

Mr. EULER: So that we may form a better judgment could the minister tell me how many people were employed in the audit and investigation branches, and how many are now employed in those branches. In other words, what is the reduction in personnel?

Mr. RYCKMAN: The number on the inspection branch, the investigation and values branch, the investigation and drawbacks branch and the audit branch totals 277. Their

salaries amount to $738,440,—less ten per cent, of course. I do not like to advertise this fact too freely, but I must say that the vacancies have not been filled. Where there was a chance of sailing along with the smaller staff, and yet making the same time, these vacancies have not been filled. Therefore the number is less to-day by reason of our manipulation of the vacancies.

Mr. EULER: Have any been laid off?

Mr. RYCKMAN: No.

Mr. EULER: I see in connection with the preventive service there is an item of $1,340,000. Last year it was $2,108,991, or a reduction of $768,991. I suppose that reduction is due to the fact that the service has been taken over by the mounted police. No doubt the answer to that query, at least to some extent, would be "Yes." There is still left however a very large sum for the preventive service. I am not suggesting it is too much, but I should like to know where the dividing line comes between the estimate for the preventive service which now goes to the mounted police branch of the service, and that which still continues within the control of the department itself. I gathered from statements made about two weeks ago that the preventive service is now taken over by the mounted police. Is this vote for the branch of the mounted police doing preventive work, or is it for the Department of National Revenue? Where is the dividing line?

Mr. RYCKMAN: My answer is this: These estimates were prepared before the mounted police finally took over the preventive service. The result is that the mounted police have all those who were formerly in the preventive service with the exception of fifty-eight men and seventy who have retired from the service. This item, if adopted, will be turned over to the mounted police except what is necessary to provide for the fifty-eight men whom we must retain. They are retained, I may say, because they are investigators, examiners and auditors. The mounted police, we hope, will detect crime, and we will follow it up.

Mr. EULER: Now we know that in the mounted police force the salaries are lower than they were in the preventive service. Was the estimate made on the basis of the old salaries or of the salaries paid to the mounted police?

Mr. RYCKMAN: It was made in anticipation of the cut.

Mr. EULER: So in future this estimate for the preventive service will almost entirely disappear from the estimates of the Department of National Revenue?

Mr. RYCKMAN: That is right.

Mr. EULER: Last year I recall half a million dollars was added to the usual estimate for the administration of the Income War Tax Act.

Mr. RYCKMAN: It was $350,000.

Mr. EULER: I was under the impression that it was about half a million dollars. I asked at the time the then Minister of Finance —the Prime Minister—why the amount was increased, and he stated—I thought very fairly—that he felt by the expenditure of the additional sum so much more income tax would be collected that the outlay would be well repaid. I see this year the amount is reduced. Would not the same argument apply this year as applied last?

Mr. RYCKMAN: We hope to do what we did last year. We spent the money out of the income tax vote. As I am informed none of this $350,000 was infringed upon, but owing to the extra money we found available in the vote and spent we added a good many thousand dollars to the revenue. We propose to keep on in the same way, if we can.

Mr. NICHOLSON: I desire to ask the minister a question, but frankly I cannot find any particular vote of his that covers it. There is in a sense hanging over certain of our industries something in the way of a threat of prohibitory tariff legislation now before the United States Congress, dealing with coal, oil, lumber and copper. I am particularly interested in lumber; I am not very familiar with the other commodities. We have a favourable trade balance in lumber with the United States, notwithstanding that we import a very substantial quantity of American lumber. But balancing our imports of the lumber industry as an industry against our exports, my opinion is that the balance is in favour of that country because of the fact that there is being used in the lumber industry in all parts of Canada, particularly in British Columbia and to a considerable degree in Ontario, a very large volume of equipment in the way of logging, saw mill and planing mill machinery imported from the United States. But without going into details, the lumber industry itself estimates that the importation of this American equipment more than offsets our favourable trade

balance in lumber with the United States. In the eastern provinces we are suffering to a very considerable degree by the dumping of lumber products of certain grades, mainly into Ontario and Quebec. Under existing legislation has the Department of National Revenue power to protect the lumber industry against this dumping if the proposed tariff is put into effect at Washington? In other words, if the United States authorities determine to make it impossible for us to trade with them at all in lumber, can we, without new legislation being passed, protect our lumber industry? If the minister could give me that information the whole lumber trade would appreciate it very much.

Mr. RYCKMAN: As I think members of the committee pretty well know, if there is any attack made which, in the language of section 43, "prejudicially or injuriously affects the interests of Canadian producers" a special value for duty can be fixed on instructions from the governor in council to the Minister of National Revenue. If unfair or slaughter trade is introduced into Canada by the United States, there is a ready weapon at hand in that section of our law. It was placed upon the statute books at the instance of a Liberal government in regard to natural products, and therein in my opinion they did well. It has been carried somewhat further by legislation which this parliament enacted covering any products which were dumped or slaughtered here to the prejudice of those engaged in the business of those products in this country. My answer therefore would be yes.

Mr. NICHOLSON: Thank you very much.

Mr. DUFF: With regard to duties affecting lumber coming from the United States, is it not true that last June this government put on a special duty of one per cent, and the American government immediately retaliated, in fact practically put a gun to the head of my hon. friend the Minister of National Revenue and told him that if he did not take off his duty they would put a special duty of $1 per thousand feet on boards, planks and deals of fir, pine, spruce, hemlock or larch in the rough or not further manufactured than dressed on one side when imported from Canada, with the result that my hon. friend as Minister of National Revenue had to go to the governor in council and ask for an order taking back what this government has done?

Mr. RYCKMAN: My hon. friend from Antigonish-Guysborough (Mr. Duff) is right in his basic facts.

Mr. DUFF: Thanks, very much.

[Mr. Nicholson.]

Mr. RYCKMAN: He is wrong in centering that matter around me.

Mr. DUFF: You are the head of the Department of National Revenue.

Mr. RYCKMAN: I had nothing whatever to do with putting on the one per cent excise tax. It seems that at the present time there is in the United States tariff something that some of us were not altogether too familiar with. It involved only one per cent, and we cloaked that one per cent by describing it as an excise tax. There is in the United States tariff a provision, speaking from memory, that if any tax is placed against United States lumber a tax of $1 per thousand, or some such figure, comes into effect as a countervailing tariff, so when our one per cent excise tax was passed they came back with this provision. What was the reasonable thing to do? We replied that we did not want the $1 a thousand against us, and it was not applied against Canadian lumber because we took off the one per cent tax here. I am sure my hon. friend from Antigonish-Guysborough will not blame me for advocating the removal of that tax.

Mr. DUFF: My hon. friend knows that I believe in free trade. I do not believe in any tariffs, any restrictions or any regulations which will affect the trade of Canada. But if I understood correctly what my hon. friend said in reply to the hon. member for East Algoma, the minister was not quite frank. Consequently I take him to task, because if my information is correct this special tax against American lumber was passed by this government on June 2, and our United States friends immediately protested.

Mr. RYCKMAN: I know my hon. friend does not want to misinterpret what was done. This was not a special tax against United States lumber; it was a one per cent excise tax on everything.

Mr. DUFF: It was not a tax applied by the Liberal government, so I consider it an extra, special tax. In any case the fact remains that this tax was put on by the present government, and immediately that was done the United States government said to us, through our representative at Washington, "If you do not take off this tax we will put a duty of $1 per thousand against all lumber and manufactured wood products coming from your country." If my information is correct the United States government went even further and said to our representative, "We are not satisfied that you should say you will take off the tax," though hon. gentlemen opposite

were glad to do so; the United States government said, "We want you to pass an order in council." A few years ago, when we were in power and hon. gentlemen opposite were sitting on this side of the house, we were told that our tariff policy was made in Washington. Here, however, is a distinct case where this government, not at the request but at the insistence of the United States, passed an order in council removing the one per cent excise tax on lumber and leaving it on all the other goods imported into this country.

Mr. YOUNG: Was the order in council framed in Washington?

Mr. DUFF: I would not be surprised, although I have no definite information. I do know that the United States were not satisfied until the order in council passed by this government was placed in the hands of their government, to show good faith. At the insistence of the United States this government was compelled to remove this special duty on lumber, and I should like to know why that was done in the case of lumber, at the request of the United States, when it was not done in connection with all other products.

Some hon. MEMBERS: Carried.

Mr. DUFF: No, I want an answer.

Mr. LAPOINTE: You will not get it.

Mr. EULER: I have a few questions to ask, which I think the minister can answer very easily. Some two years ago we made provision for the introduction of the eight hour day in connection with the employees of the department. That was not completed at the time I left the department, and I should like to know if it now has full application.

Mr. RYCKMAN: There is an order in council dealing with the Department of National Revenue, which is copper lined and iron bound with regard to the eight hour day. I wondered why some other departments were not affected at the same time. That order in council is being lived up to, though it has cost the department an immense amount of money. I have been told that by reason of the eight hour day something like $600,000 of extra expense has been put upon the department. That was the figure mentioned to me; it is not accurate at present, but I know I am safe in saying, from what has come before me, that a very large sum of money has had to be expended in order to carry out that provision. I do not wish to be understood as complaining, but my hon. friend from North Waterloo knows how necessary it is to have men at the ports at all times, and as a result the expense has been very considerable. I think the answer to my hon. friend's question, however, is that it is being lived up to in letter and in spirit.

Mr. EULER: Just a word with regard to the sales tax. Some two years ago large sums of money were owing the department by brewers and distillers. I am not now referring to those cases which were taken to the courts. Other firms owed large sums of money, and it was necessary to nurse them along a bit. I should like to ask the minister if those amounts have been collected or the indebtedness materially reduced.

Mr. RYCKMAN: The amounts have been materially reduced, and I think I have helped reduce them.

Mr. EULER: Were any applications for licences made last year?

Mr. RYCKMAN: There was one application, but if my memory serves me aright no licence was issued.

Mr. EULER: Is the department still observing the practice of consulting with the provinces with regard to the issuing of licences?

Mr. RYCKMAN: Yes.

Mr. EULER: In connection with amounts owed by brewers and distillers, there is one other question. The department took legal action against several brewers and distillers with regard to the export of liquor or beer; in many cases a settlement was made voluntarily and they agreed to pay, usually in instalments. Then I understand that one case, the Carling case, was carried to the privy council, where a decision was rendered against the department. Have any of the other concerns, who perhaps had cases more or less similar to the Carling case, applied for the refund of the amounts paid, and if so, what is the attitude of the department in this connection?

Mr. RYCKMAN: As my hon. friend knows, the Carling case was won by the department in each court until the privy council was reached. The privy council, however, held that the department was wrong. Before the case reached the privy council, as my hon. friend has said, settlements were made with indivdual brewers. Naturally, after the judgment of the privy council, some of those concerns who had paid their taxes thought that if they had continued in litigation a little longer they might have enjoyed the fine result

that came to the Carling company. But the settlement with these brewers was made before the judgment of the privy council. The settlements were made upon the advice of their attorneys, acting for them in these suits, and, may I say, they were made independently of what the privy council judgment might be in the Carling case. They are being held to these settlements, and not one has received any consideration by trying to hark back to the position they would have been in if they had travelled along with the Carling people all through.

Mr. EULER: One other question in connection with liquor matters. In view of the prohibition of export to the United States via Canadian ports and the consequent export of liquor to the islands of St. Pierre and Miquelon, from which points we do not know where the liquor went, although we may have a suspicion, and in view of the fact that the exporters of liquor and beer had paid no excise tax, may I ask whether there is reason to believe that any of that liquor was smuggled back into Canada? Is there any suspicion that this has taken place, and if so, to what extent?

Mr. RYCKMAN: I do not think my hon. friend should ask me what my suspicions are, but since I have been in the office I have certainly learned more about smuggling than I knew before, and if I may venture a guess, I should say that some of it has returned. How much, I do not know.

Mr. EULER: Has it been necessary to increase the preventive service in consequence?

Mr. RYCKMAN: No, but that amendment to the Export Act meant a serious falling-off in the revenue.

Mr. DUFF: The excise tax having been increased from one to three per cent, what is the position of the Department of National Revenue with respect to the order in council passed on October 20, 1931, revoking the excise tax so far as the importation of lumber from the United States was concerned? Is lumber from the United States now free of the excise tax of three per cent or not?

Mr. RYCKMAN: I think that would be a proper question for the Minister of Finance. I see that I have not made myself clear to at least one member of the committee in regard to lumber. The position of lumber was this. There was in the United States tariff a countervailing provision that if any duty, even the slightest, were put on—and they took note of one per cent—then, if I remember rightly, they put on a rate of $1 a thousand.

Mr. MALCOLM: One dollar and fifty cents.

Mr. RYCKMAN: Whatever the figure is, the argument is the same. That figure went on. It was not fair, since the balance of trade was largely in our favour, that for the sake of one per cent excise tax we should deny to those who shipped lumber from Canada the privilege of doing so, because they would be met with a prohibitive tariff. If anyone objects to our action in that regard, then he will have to have his argument with somebody else.

Mr. DUFF: But there are other items of trade besides lumber in which we have a favourable balance with the United States.

Mr. RYCKMAN: Yes, but there is no countervailing item in the United States tariff.

Mr. DUFF: Yes, there is.

Mr. RYCKMAN: Not many.

Mr. DUFF: There are several in connection with which there is a balance of trade in favour of Canada. Why should lumber be picked out in this regard? If it is a fair proposition to take the excise tax off lumber, surely it is just as fair and in the interests of the common people of the country that the excise tax should be taken off other commodities. I asked the minister whether the order in council passed on October 20 last, taking off the one per cent tax on lumber, would apply to the increase from one to three per cent brought down by the Minister of Finance in his budget, and he sidestepped my question by referring me to his colleague. I have in my hand a copy of the order in council which was passed, and the name of the Minister of Finance is not mentioned in it. It was the Minister of National Revenue who applied to the governor in council for the passing of the order in council.

Mr. RYCKMAN: It certainly was.

Mr. DUFF: Then why not take the responsibility? Why should the minister want to burden the Minister of Finance any further? Goodness knows he has enough trouble now without the hon. gentleman trying to place this additional burden on him. The order in council states that His Excellency the Governor General in Council "on the recommendation of the Minister of National Revenue", and so on. Not the Prime Minister, who was

Minister of Finance at that time, nor the present Minister of Finance, but the Minister of National Revenue. It was on his recommendation that it was done. Why, then, when I ask a fair and reasonable question, should the minister practically tell me that I ought not to ask it on his estimates but wait until the estimates of the Minister of Finance come down? I contend that if it is fair to take the excise tax off lumber imported into Canada, other industries which suffer by having imposed upon them this tax of three per cent should be treated in the same way. The discrimination is not fair. All industries in Canada, whether they be farming, fishing, lumbering, or mining, should be treated alike. No special favour should be shown any one industry, and if the Minister of National Revenue is going to recommend to the government the taking off of the excise tax in connection with lumber, it is only right that every other industry should be placed in the same position.

Mr. RYCKMAN: There is nothing in the Minister of National Revenue having made the recommendation to council. As is well known, all recommendations in connection with the administration of revenue are supposed to be made to council by the Minister of National Revenue. That's that. With regard to sidestepping the hon. gentleman's question, I was not aware that I was doing anything of the kind. The hon. gentleman is no more apt to sidestep than I am; I do not think either of us is given to that. The point, however, is that there was in the United States tariff a special countervailing item, and it was felt that in the balance the lumber industry of the country would be benefited if that one per cent, as it was then—there was no question of three per cent at that time—were not insisted upon. The moment the proposition was put before one, it was yielded to as the only proper thing to be done. My hon. friend from Bruce says that it is $1.50 a thousand. Would it not then be a fine thing to have imposed on us $1.50 a thousand for the sake of one per cent? Even the hon. member for Antigonish-Guysborough would not suggest that.

Mr. DUFF: Hear, hear.

Mr. RYCKMAN: If he can suggest any other item that travels parallel with lumber and in regard to which the United States tariff has a countervailing duty, and if such an item has not received consideration, I think I can say on behalf of the government that it will. But I do not think any other item exists. An hon. gentleman speaks of coal, but we have not trodden on the toes of the coal industry. There have been threats to do it but it has not been done.

Mr. STEWART (Edmonton): Twenty-five cents.

Mr. MALCOLM: The minister has hardly given the information asked for by the hon. member for Antigonish-Guysborough (Mr. Duff). I think it is clear that the one per cent excise tax imposed on imports by the Minister of Finance was treated by the American government as a duty.

Mr. RYCKMAN: That is right.

Mr. MALCOLM: The Prime Minister distinctly told us that this was not a duty. However, it is a tax on American imports and the American government has treated it as a duty. Because of the one per cent so-called excise tax imposed by Canada on American lumber importations, the American government availed themselves of the countervailing duty provision in their customs act and applied a duty of $1.50 per thousand feet on Canadian lumber shipped into the United States. The minister was very wise in passing the order in council on October 20 of last year under the provisions of which lumber coming in from the United States was exempted from the payment of the one per cent excise tax. The hon. member for Antigonish-Guysborough wants to know what is going to be done with the three per cent excise tax put on this year. There is no order in council governing the 3 per cent tax and there is no doubt the $1.50 countervailing duty will now apply against Canadian lumber entering the United States. Is the minister going to change the order in council to exempt American lumber from the three per cent excise tax? Every hon. member knows how the lumber industry in this country has suffered during the last few years. Every hon. member knows that the American market is one of the few profitable markets left to our lumbermen. Every hon. member knows that the lumbering industry is in a very bad way and if we lose the American market or have to pay $1.50 per thousand feet in duty it will mean more unemployment, and, goodness knows, unemployment is bad enough at the present time. I think either the Minister of Finance or the Minister of National Revenue should give a clear statement to the committee as to whether or not this three per cent excise tax shall apply to lumber, then the lumbermen will know how to act.

Mr. RYCKMAN: The three per cent is in the same position as the one per cent; it will not apply.

Mr. MALCOLM: I respectfully submit that the order in council of October 20 does not cover the situation to-day; it cancels the one per cent tax on lumber. Is the minister going to amend the order in council to make it exempt from the three per cent tax?

Mr. RYCKMAN: The higher tax does not apply.

Mr. MALCOLM: I beg the minister's pardon. The order in council distinctly states that the one per cent excise tax as incorporated in last year's budget shall not apply to American lumber; that order in council does not cover this year's budget.

Mr. RYCKMAN: I have no hesitation in asking my hon. friend to let me know when he hears that the three per cent tax is being put on.

Mr. YOUNG: I think I might tell the hon. member for North Bruce (Mr. Malcolm) that any government possessing the power to change a potato into a radish surely can change a one into a three. Can the minister tell the committee how much was collected last year in dumping duties?

Mr. RYCKMAN: My hon. friend asked that question, I think, last year, and I believe the answer given at that time was that no separate record was kept. Duties are being paid every business day and we do not label them as dumping duties, we take them all in as part of our receipts.

Mr. YOUNG: I am not desirous of putting the minister or the department to any more trouble than is necessary, but I do not see how they can keep their records straight without having this information. Reports come in with the collections from outlying ports; the officers in the department must check those reports against the cash coming in, and they must check them against the rates as laid down in the schedules. If the dumping duty is collected it must be reported as such and the department should have a record. For a long time I have wanted to know just what these dumping duties are costing us.

Mr. McMILLAN (Huron): They want to forget about them.

Mr. RYCKMAN: I should be very glad to give the hon. gentleman the information he desires, but I am told that the office has not the information. We have hundreds of people in our checking branch but it has not been found necessary to make any segregation of these amounts. I should like to have the information myself, but until my hon. friend asked for it, no one seemed to be anxious to have the information supplied.

Mr. YOUNG: For that much, many thanks. Upon what commodities or articles was a value for duty placed during the last fiscal year?

Mr. RYCKMAN: I will give my hon. friend a list of the articles covered by the orders in council passed. The orders in council were passed on the following dates and cover the following items:

April 2, 1931, bituminous coal.
April 22, 1931, asparagus, lettuce, green onions and shallots, onion sets, potatoes, rhubarb and spinach.
May 4, 1931, vegetables.
May 16, 1931, cucumbers.
May 20, 1931, strawberries.
June 8, 1931, cabbage and cauliflower.
June 25, 1931, apricots, cherries, raspberries, beans, beets, carrots, celery, peas (green), and tomatoes.
July 10, 1931, apples.
July 21, 1931, peaches, plums and prunes.
July 27, 1931, canteloupes, muskmelons, honeydews, casabas and pears.
August 18, 1931, grapes.
August 18, 1931, hats, hoods, shapes, bodies and cape lines.
September 10, 1931, grapes.
September 17, 1931, wicker furniture.
October 8, 1931, ferromanganese.
October 29, 1931, lime.
November 17, 1931, women's and chidren's clothing.
November 27, 1931, metal name plates.
November 30, 1931, slack cooperage stock, staves, hoops and headings.
November 30, 1931, hardwood doors.
December 3, 1931, jute twines.
December 12, 1931, cotton fabrics and artificial silk fabrics.
December 22, 1931, pot cleaners.
December 22, 1931, electric lighting fixtures and portable electric lamps and shades.
December 31, 1931, knitting machine needles.
January 31, 1932, refined granulated sugar.
February 1, 1932, rhubarb.
February 2, 1932, wire rope.
February 13, 1932, cotton wiping rags.
February 13, 1932, fringes, tassels and gimp, exclusive of those made substantially of tinsel or bullion, cords and windowshade rings.
February 17, 1932, umbrellas.
February 18, 1932, brass and copper products.
March 3, 1932, thumb tacks and furniture nails.
March 4, 1932, sheet rubber goods.

On April 25, 1932, the brass and copper products bulletin was modified by taking out of it those importations entitled to entry under the British preferential tariff.

May 7, 1932, asparagus, lettuce, green onions and shallots, radishes, spinach.
May 13, 1932, cucumbers, mushrooms, onions, not otherwise specified, rhubarb.

That, I think, is the list.

Mr. YOUNG: I want to deal with only one or two of those. I have under my hand bulletin No. 3185, dated January 30, 1932, refined granulated sugar, fixing the value of refined granulated sugar at $2.30 per 100 pounds. Would the minister mind telling us who asked for this order in council, and how this value of $2.30 was reached?

Mr. RYCKMAN: It was asked for by the sugar beet farmers and by the sugar beet refining industry located at Wallaceburg and Chatham.

Mr. YOUNG: There is an understanding, is there not, that wherever such a request is made, those making it must satisfy the minister that they are in a position to supply the demand. When this order in council was passed, were the sugar beet farmers and refiners in a position to satisfy the market for sugar?

Mr. RYCKMAN: It was understood that this would be for the benefit of the market. There were 6,000 sugar beet farmers who depended upon this order in council.

Mr. YOUNG: This was in January. I do not think the beets were grown then. Had those farmers grown enough beets to be in a position to satisfy the market?

Mr. RYCKMAN: The contracts are made in January. It would be the beets harvested in the fall of the year.

Mr. YOUNG: Had they on hand enough beets, grown the previous year, to satisfy the market until the next crop came along?

Mr. RYCKMAN: I do not know that they had a supply of beets on hand, but we were looking forward. This legislation in my view, supported as I was by counsel, was proper; all from whom information could be got were in favour of this being done and it was done.

Mr. YOUNG: Then my hon. friend had this order in council passed in January in order immediately to shut out sugar which would be replaced next fall by sugar from beets to be grown this summer; is that the idea?

Mr. RYCKMAN: The idea is that otherwise no beets would have been sown this spring, no crop of sugar beets would have been raised and 6,000 farmers for whom my hon. friend has often shown sympathy—

Mr. YOUNG: I never asked for protection for them.

Mr. RYCKMAN: —and in whom he has a keen interest would not have grown beets so that two industries would have suffered.

Mr. YOUNG: My hon. friend cannot say that I have ever asked for protection for those farmers. How did he arrive at that figure of $2.30?

Mr. RYCKMAN: I have not before me at the moment the exact arithmetic, but I can tell the hon. member how it was arrived at. It was a question of the freight rate and the consumption of sugar in Toronto. The freight rates were taken into consideration. The sugar beet is raised in western Ontario and it must be remembered that the sugar is not marketed in large quantities west of Montreal except Toronto. The figuring was done by the officers of the department who said that the figure was fair and proper.

Mr. YOUNG: They worked this out, but on what basis did they figure?

Mr. RYCKMAN: My hon. friend will have to ask them.

Mr. YOUNG: Can my hon. friend explain this? I see that the value is given as $2.30 in United States funds. Why is the Canadian dollar not good enough for the measuring of these values?

Mr. RYCKMAN: I love the Canadian dollar, but I like any other money I can get. I apply the same principle to the people of this country.

Mr. YOUNG: That is very good logic, but I can remember last year members of the government expressing indignation that the people of the United States did not value our dollar as highly as we did. Now I see my hon. friends do not value the Canadian dollar as highly as they do the United States dollar. I do not mind that, but when that condition prevails, they should not complain that the people of the United States do not value the Canadian dollar as highly as we do.

Now let us come to gasoline—

Mr. GOTT: It was forty-five cents a gallon under a Liberal government.

Mr. DUFF: The Minister of National Revenue, in answer to a question put by the hon. member for Weyburn, stated that he placed this exorbitant duty on sugar in order to help 6,000 farmers.

Mr. RYCKMAN: It was not a duty.

Mr. DUFF: What was it, then?

Mr. RYCKMAN: A value for duty.

Mr. DUFF: It means an extra tax in favour of those whom my hon. friend calls the beet sugar farmers.

Mr. YOUNG: And adds the dumping duty.

Mr. DUFF: Yes. The minister said that he did this to help out 6,000 farmers. This is a beautiful, noble sentiment, but there are in this country other farmers than those 6,000 beet sugar growers. For instance, there are the farmers in the constituency of the hon. member for Victoria-Carleton, New Brunswick, a gentleman who supports this government. There are other farming constituencies in this country, in which potatoes are grown; what has been the effect on the potato market, due to the policy of the Minister of National Revenue? Did his policy with regard to sugar affect the potato growers and potato shippers?

Mr. RYCKMAN: Did it increase the price of sugar?

Mr. DUFF: Yes, it increased the price of sugar, and it did worse than that. A moment ago my hon. friend expressed his sympathy towards 6,000 beet sugar farmers. I say that not only 6,000 beet sugar growers, but 16,000 potato growing farmers were affected by the policy of the Minister of National Revenue with regard to the dumping duty he placed on sugar.

Then, another class of people in addition to the farmers was affected. I have heard the expression that fish and potatoes go together. Because of the mistaken policy of this government, by carrying out the policy enunciated a moment ago by the minister, not only did it affect the farmers of Prince Edward Island, Nova Scotia and New Brunswick but it affected the great fishing industry of the maritime provinces. Cuba offers one of our principal fish markets, and my information is—I think I know what I am talking about—that the minute my hon. friend and his government introduced this special legislation and had it so arranged that he could put any value he liked on sugar, the sugar growers in Cuba, or the government of Cuba, deliberately and properly, increased or doubled the duty on fish and potatoes going into that country. That is what the minister has done, and it is useless for him to tell this committee, and through it the country, that he is protecting 6,000 sugar beet farmers when, in fact, he has ruined a perfectly good market for potatoes and fish.

An hon. MEMBER: Ruined?

Mr. DUFF: Yes, ruined—both of them.

Mr. MacLEAN: I rise to support the remarks of the hon. member for Antigonish-Guysborough. Every word he has uttered is correct, and he has properly described the effect of the dumping duty on business in the eastern provinces. Could the minister give the names of the countries from which sugar was coming when the dumping duty was applied?

Mr. NEILL: If I might be allowed I should like to go back to the matter of lumber.

Mr. MacLEAN: Wait for an answer.

The CHAIRMAN: The hon. member for Comox-Alberni has the floor.

Mr. MacLEAN: But I asked a question.

The CHAIRMAN: The hon. member for Comox-Alberni has the floor.

Mr. MacLEAN: He will wait for a minute.

The CHAIRMAN: He may wait if he wishes, but he has the floor.

Mr. NEILL: I will yield to my hon. friend.

Mr. RYCKMAN: It applied to all countries with which we have an intermediate or general tariff.

Mr. MacLEAN: From what countries were imports coming at the time the dumping duty was applied?

Mr. RYCKMAN: Sugar comes from Cuba; we have an agreement with the West Indies. In the short time I have been in the department we have had sugar from Mauritius.

Mr. NEILL: I should like to revert to the matter of lumber, and the answer given by the minister to the hon. member for East Algoma. Probably I did not hear the minister correctly, but the answer seemed to satisfy the hon. member. Whether his satisfaction was due to understanding it or due to some congenital or hereditary respect for the minister as a member of his party, I do not know. The complaint of the hon. member for East Algoma was that the people to the south of us, in a bill now before congress, were imposing a heavy and almost prohibitive duty on our lumber going into the United States. He also mentioned coal. I think it is now ascertained, however, that there is a provision in connection with coal which entirely relieves us in Canada of any danger from that source. The hon. member said that the bill would prove very dangerous to our lumber trade, and in that I heartily agree. I did not know it was a question of moment in the east, but it certainly is worthy of very serious consideration in British Columbia. The duty would very materially affect the lumber trade, which, as my hon. friend sitting beside me says, is now in a very bad condition

The hon. member for East Algoma stated the case, and as I understood it he asked the minister to take some action. He did not however definitely state what action he thought should be taken. If I heard the minister's reply correctly I think he quoted section 42 of the Customs Act.

Mr. RYCKMAN: Section 43.

Mr. NEILL: And he said if any lumber or anything else entered Canada in a manner prejudicial to the manufacturer or producer of that article in Canada, he would be quite pleased to put on the dumping duty. In all courtesy I submit that is hardly an answer; it is not a solution of the difficulty. The grievance is that the United States are threatening to exclude our lumber, and I cannot quite understand how by preventing their lumber from coming in we are meeting the situation. Probably the lumber in connection with which the minister expresses his willingness to put on the dumping duty might not be coming in in a manner prejudicial to the producer. If it had been, the duty would have been put on already.

As a rule lumber does not come in and go out at the same points. We find our lumber entering the United States from British Columbia; large quantities in the shape of hard wood or other lumber not readily available in Canada come into the eastern provinces from the United States. The remedy as I see it is not the putting on of an illogical or possibly improper dumping duty. Instead of going in for retaliation some other action should be taken. Tariff wars in the past have not been successful anywhere, and I am wondering if we could not adopt some measure of reciprocity, if I may use the word. I think the word used on the continent of Europe, when they do not wish a strict definition, is "conversations." The word does not bind anyone to anything until some progress has been made. I would suggest that our ambassador at Washington should be instructed to enter into "conversations" with the powers that be with a view to arranging some measure of reciprocity in regard to lumber. He should suggest that it is desirable that we be allowed to ship our lumber from British Columbia into the United States. It is badly needed in the north western states where the farmers are in difficulties. Their only lumber supply comes from British Columbia. On the other hand American hardwood lumber is needed and could be shipped into our eastern provinces. By such action probably more could be accomplished than by waving the bloody shirt and talking about excessive dumping duties. In case I have misunderstood the minister, would he amplify the policy he proposes to meet the situation? This is a very urgent matter, so far as the lumber business of British Columbia is concerned.

Mr. RYCKMAN: I do not think the situation has been made clear, but I shall attempt to say what was in my mind when I answered the hon. member for East Algoma. I understood from his remarks that there was a danger of the United States putting on a heavy duty against our Canadian lumber. I think that is the understanding of the hon. member for Comox-Alberni. If that is done, the countervailing arrangement, if we may so describe it, is gone. Then if they put the duty on our lumber entering the United States, and at the same time dump their lumber here to spoil our markets—

Mr. NEILL: Not necessarily.

Mr. RYCKMAN: That is how it was put by the hon. member for East Algoma (Mr. Nicholson).

Mr. NEILL: Pardon me. He said they would not let our lumber go in. He said nothing of their lumber coming in to prejudice our market.

Mr. RYCKMAN: Yes, he spoke of our market being prejudiced by their action.

Mr. POWER: I was not present when the member for Antigonish-Guysborough first brought this matter to the attention of the minister, but from what I have been told I think he explained it so that members of the committee are familiar with the facts. The point I wish to bring to the attention of the minister is that this order in council which was passed repealing section 88 of the Special War Revenue Act, chapter 54, was ultra vires. The order in council states that:

> The governor in council on the recommendation of the minister acting under the powers conferred upon him by section 11 of the customs tariff as amended is pleased to order and it is hereby ordered that certain lumber shall be exempt from payment of the tax of one per cent.

That is to say, by order in council he repealed a statute passed by this parliament. Reference is made to section 11 of the customs tariff. I think members of the committee will remember that when this excise tax was being discussed last year my hon. friend from Weyburn (Mr. Young) brought up the question that it was a customs tax. This was indignantly denied on the other side; they said it was an excise tax. Nevertheless in order

to get authority to repeal that section they refer to customs tariff section 11. I challenge my hon. friend the minister, who is a lawyer, to assert that this section gives him any authority. The section provides:

The governor in council may by order in council make such reductions of duties on goods—

Not excise tax.

—imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for reductions on Canadian products granted by any such country or countries.

There was no reduction from the United States.

Mr. RYCKMAN: Oh yes, there was.

Mr. POWER: No, the United States simply said: If you put a tax of one per cent on our lumber going into Canada, there is automatically under our tariff act a countervailing duty of $1.50 a thousand on Canadian lumber.

Mr. MALCOLM: Hear, hear.

Mr. POWER: They said: If you dare tax our lumber we will put into effect the $1.50 duty. There it is. I will read it to the minister:

Boards, planks and deals of fir, pine, spruce, hemlock or larch, in the rough or not further manufactured than planed or dressed on one side, when imported from a country contiguous to the continental United States, which country admits free of duty similar lumber from the United States, shall be exempted from the duty of $1 per thousand feet.

Mr. RYCKMAN: Is it a $1 or $1.50?

Mr. POWER: Maybe I have the old one.

Mr. RYCKMAN: It is $1.

Mr. POWER: I do not remember. But the moment we imposed that excise tax, automatically the United States government was obliged to impose their tariff. Now, forsooth, we say: We will repeal this act by repealing the excise tax on the ground that we get a reduction from the other country. We did not get a reduction; the other country imposed something on us and we had to repeal our duty. That is the first authority the minister had to rely on.

Mr. RYCKMAN: What about the Consolidated Revenue and Audit Act?

Mr. POWER: He was not quite sure and he endeavours to combine two authorities entirely separate. In effect he says: One act does not go far enough, but if we can cite seventeen sections of seventeen different acts we may be able to put them together and get them right. I will come to the second authority which my hon. friend relied on. I think it will be admitted that the first is no good, but it cannot be any better when combined with the second one. The second authority relied on is section 91 of the Consolidated Revenue and Audit Act. And do you know, Mr. Chairman, what it speaks of? Remission of duties. The minister must know what "remission" is. It certainly is not repeal of a statute. The section reads:

1. The governor in council, whenever he deems it right and conducive to the public good, may remit any duty or toll payable to His Majesty, imposed or authorized to be imposed by any act of the parliament of Canada, or by any act or ordinance of the legislature of the late province of Canada, or of any of the provinces of Nova Scotia, New Brunswick, British Columbia or Prince Edward Island, in force in Canada, and relating to any matter within the scope of the powers of the parliament thereof, or any forfeiture or pecuniary penalty imposed or authorized to be imposed by any such act or ordinance for any contravention of the laws relating to the collection of the revenue, or to the management of any public work producing toll or revenue, although any part of such forfeiture or penalty is given by law to the informer,—

And so on.

2. Such remission may be total or partial, conditional or unconditional, and may be granted either before or after, or pending any suit—

And so on.

3. If the remission is conditional, the condition, if accepted by the person to whom the remission is accorded,—

That is, by the United States.

—shall be lawful and valid, and the performance thereof, or the remission only, if unconditional shall have the same effect as if the remission had been made after the duty, toll, penalty or forfeiture had been sued for and recovered;—

And so on.

4. No remission shall be made in any case—

In any case.

—unless such case has been considered, and the remission, whether total or partial, conditional or unconditional, has been recommended by the treasury board, and sanctioned and ordered by the governor in council.

I submit this section deals entirely with the remission of duty which has been collected, and does not deal with the repeal of a section of an act passed by this parliament. It cannot by any interpretation be made to read that the governor in council has the right to say that the tax imposed on a certain class of commodities shall be repealed. Remission implies the refunding of a toll which has already been paid. The very word "remit"

means to give back. The action taken by the government is simply tantamount to saying: This law shall not apply to lumber coming in from the United States.

Mr. MALCOLM: That is all.

Mr. POWER: There is the situation. I contend that these orders in council were beyond the powers of the governor in council, that this excise tax is still in force, and that if the Minister of Finance persists in making a three per cent tax instead of a one per cent tax, even if the government is right in its contention that the one per cent tax is repealed, certainly there will still be two per cent payable on every bit of lumber that comes in from the United States.

Mr. MALCOLM: That is the point.

Mr. POWER: The only honest, straightforward, decent way to do this business is for the minister when he brings down his special war tax legislation to write into it that lumber shall be one of the articles exempted from the payment of that tax. That is the only way to do it, because if he does it in any other way I submit he will be doing the wrong thing, he will be introducing legislation which is slipshod, and which, I firmly believe, will not stand a test before any court in Canada. As my hon. friend from West Middlesex (Mr. Elliott) points out to me, the order in council reads:

His Excellency the Governor General in council, on the recommendation of the Minister of National Revenue and under the powers conferred by section 11 of the customs tariff,—

Which I submit does not apply.

—as amended by chapter 30 of the statutes of 1931, and by section 91 of the Consolidated Revenue and Audit Act,—

Which I submit only applies to remissions.

—and any other powers thereto enabling.

So they said to themselves, "We will take one section of one act and perhaps we will get somewhere, and if that is not strong enough we will take another act and perhaps we will get somewhere with it. We have not time to look up all the statutes; we are very busy men, working twenty-four or forty-eight hours a day. We will just include any other powers we have, and if we do not have them we will say so anyway and a lot of people will believe it." I wish to protest against that sort of legislation; I sincerely hope a minister of procedure will be appointed by the government so that these things may be done regularly.

Mr. LAPOINTE: I have another protest to register. My hon. friend from Weyburn asked the minister what was the basis on which the minimum value for duty of refined granulated sugar was fixed at $2.30 per hundred pounds, and the minister said he did not know. Then my hon. friend from Weyburn asked what was the machinery, how it was arrived at, and whether there was any investigation, and the minister replied that the officers of the department fixed that point. My hon. friend from Weyburn persisted and asked on what basis it was fixed, but the minister replied, "You will have to ask them." Have we come to that, Mr. Chairman? Is that parliamentary government? The tariff is changed, not by parliament, and when we ask the reasons for the change we are told we will have to ask the officers of a certain department. That is no longer parliamentary government; that is bureaucratic government with a vengeance. Last year the government insisted on enacting a law creating a tariff board; that was the main legislation of last session. This body was constituted for the purpose of investigating all matters concerning changes in the tariff; they were to study and consider all applications which might be made. More than one year has elapsed since this law was passed but still we have no tariff board. We are to have an Imperial conference this summer at which tariff matters will be discussed with all the other nations of the empire, but no board has been appointed to investigate these matters. Surely if there was need for a tariff board that need exists at the present time.

I do protest against the answer of my hon. friend that we should apply to the officers of the department in order to learn why the value of $2.30 was fixed. Surely hon. members of this house have the right to know what tariff changes are made, when they are made by order in council and on what basis they have been made, without being obliged to inquire of the officers of the department.

Mr. RYCKMAN: First I might reply to my hon. friend from Quebec South, who has left the chamber. His statement seemed rather peculiar; he assumed that because the United States called this one per cent tax a customs duty, and contended that it thus came within their law, it was essentially a customs tax. Then my hon. friend proceeded to say that the customs tariff cannot be read to apply, so he denies his own argument. I do not think it is necessary to proceed further except to say that hon. members of this house who belong

to the privy council will know that order after order is drawn up making remissions or refunds under the Consolidated Revenue and Audit Act.

Mr. MACKENZIE KING: Does the minister accept the interpretation of the United States?

Mr. RYCKMAN: I do not think it matters. What is the difference between an excise tax and an excise duty?

Mr. ELLIOTT: Why call a customs duty an excise duty?

Mr. RYCKMAN: Because we like that name, and its application is different from the application of a customs duty. This excise tax was intended to cover everything; it applied to lumber, but when it became important to take it off lumber it was removed. This tax was treated in a different way from our customs duties, which of course are regulated by the customs tariff. But I am not going to split hairs with anyone who says it should be called a customs duty, because certainly it is collected at our ports when the goods come in.

Now I should like to say a word in reply to my hon. friend from Quebec East. It almost makes me smile to think what would have happened if the tariff board created last session had been functioning in the interval. The tariff board was not appointed because with the kaleidoscopic world changes that have been taking place this has not been a proper time for the operation of such a board. Look at the authority given that board; what were its duties? The board was to investigate the cost of raw material, the costs of manufacture, labour conditions and so on, and gather such information as the Minister of Finance might request. What would have happened if this board had been operating on September 21 last? Everything they might have done under that authority would have been practically worthless, but this legislation which we have placed on the statute books has been made use of. This was not for the tariff board; it was for the governor in council, working with the Minister of National Revenue, under express enactment. My hon. friends opposite had no objection to that when they were in power; as I say, it was initiated by them and they made use of it time and time again. I am sure every ex-minister knows that, so surely no objection can be taken now. My hon. friend from Quebec East became quite fervent in saying that the governor in council had acted without the advice of the tariff board, but my hon. friend knows that even if there had been a tariff board it would not have been part of the functions of that board to look after this matter.

My hon. friend made another statement which is hardly correct, and I think perhaps I can see why it was made. I did not say that the basis of this calculation on refined granulated sugar was made only by the department. First we had our investigators go into the matter and then, in consultation with members of council, we asked the officers of the department to figure out what the basis should be. I cannot do the arithmetic, and I think my hon. friend will be fair enough not to ask me to do it at this time. As I told him, I know that the freight rates from the south and the freight rates from Montreal to Toronto entered into the computation. A demonstration was made, which assisted in coming to a conclusion. As I say, I cannot go through the arithmetic, though I know the facts, but it was decided by the governor in council, after investigation, that this was a proper thing to do, so it was done. I hardly think my hon. friend is fair when he imagines—

Mr. LAPOINTE: Who made the investigation?

Mr. RYCKMAN: The investigation was made chiefly by Mr. Breadner and Mr. Richards, officers of the department. Mr. McGregor, representing the sugar refiners, was also consulted.

Mr. YOUNG: Cane or beet refiners?

Mr. RYCKMAN: Both.

Mr. BROWN: What has been the general result of the policy which the minister has followed? Has it redounded to the welfare of the revenue or has it had the effect of keeping out of Canada large quantities of fruits and vegetables, which so exercised the minds of hon. gentlemen opposite during the last parliament?

Mr. GOTT: I should like to have the opportunity of answering the hon. gentleman's question.

Mr. BROWN: I may say—

Mr. GOTT: I thought the hon. gentleman had concluded.

Mr. BROWN: I may say to the hon. member for South Essex that if he wishes to answer the question I shall be interested to hear what he has to say, although I will not accept his statement as authoritative. When he has finished, the minister can answer.

Mr. GOTT: I want to say to the hon. gentleman that there is one section of Canada that appreciates the fact that there is in power to-day a government with backbone and determination enough to put into effect policies that are in the interests of the producers of Canada. The hon. member has asked what effect this policy has had. Let me tell him this. I pleaded with the former Minister of National Revenue to put into force dumping duties against the huge importations from the United States, but they would do nothing. For five years I pleaded with the government which the hon. gentleman supported, to take some steps to stop these considerable importations, but they did absolutely nothing. At that time, when our cabbages were ready in western Ontario, the Canadian market was flooded with Virginia cabbages; when our potatoes were ready, we found the Canadian market flooded with Michigan potatoes; when our tomatoes were ready, Mississippi tomatoes came in and flooded the market; when our cucumbers were ready, Louisiana cucumbers were coming in in vast quantities. The hon. gentleman wishes to know what this government did, and what the effect of its policy has been. On April 22, 1931, the government passed an order in council putting a market value of 15 cents per pound on asparagus, and I may tell the hon. member for Lisgar that this had the effect of protecting the producers of Canadian asparagus. A little later on, on June 11, they put on a rate of 4 cents against American cabbage, and that permitted the growers of cabbage in Canada to sell their product on the Canadian market. That is what it did, Mr. Member for Lisgar. On June 11, an order in council was passed imposing 8 cents a pound on carrots, and I could go all down the line, mentioning the various orders in council that have been passed, every one of them in the interests of the producers in the district I have the honour to represent. Let me say to the hon. gentleman that I have the honour to represent in this house the most diversifield farming section in Canada, and the growers of South Essex appreciate the action of the government in 1931, and the action which they propose to take in 1932, to protect Canadian growers and give them the Canadian market, which otherwise would be flooded with American produce.

Mr. BROWN: And now will the hon. gentleman answer the other part of my question and say how the revenue has been affected.

Mr. GOTT: I will say this to the hon. member, that any country that is built up on imports is bound to fail.

Mr. RYCKMAN: I am glad that I have some friends who can come to my help—

Mr. GOTT: I was only expressing the sentiments of the growers of South Essex.

Mr. RYCKMAN: I may say to the hon. member for Lisgar that complaints have not come to us in any number at all. The growers are satisfied with what has been done, and they are anxious to have what was done last year repeated this year. My hon. friends opposite must have believed in the policy themselves, because they did the same thing. As regards the revenue, it has fallen off; but let the hon. gentleman remember that the revenues of this country compare very favourably with those of other countries. Naturally there has been less business and therefore less revenue, but I do not think this country is suffering very much when the business of buying and selling, which is natural to the country, is done within the country. If, therefore, a little loss in customs revenue has meant work to Canadians in Canada, and business in this country, I, for one, am satisfied to see that diminution in revenue. Just one more observation in this connection. I do not see why these questions with respect to policy should be addressed to me. I am willing to answer if I am called upon to do so, but I am trying to administer the department, and if there is any question with regard to administration, such as the question in relation to lumber, then I think it is quite proper that I should be asked to say something by way of explanation or in support of what we have done; and if there is any condemnation, very well. But that it should be left to this late date in the session for me to deal with policies of government—that, I submit, is not expected from the Minister of National Revenue. However, I shall be glad, if it will satisfy hon. members, to continue in my humble way to try to answer any questions that may be asked.

Mr. BROWN: I do not think the minister can evade responsibility for answering as to the effects of his own policy.

Mr. RYCKMAN: If the hon. member will permit me, I did answer.

Mr. BROWN: Perhaps I misunderstood the minister, but I understood him to say that he should not be expected to answer—

Mr. GOTT: He counldn't expect you to understand.

Mr. BROWN: I asked the question for this reason. We all remember that the usual argument that was advanced against the importation of fruit and vegetables from other countries was that by the time the Canadian

fruits and vegetables were ready for the market the edge had been taken off people's appetites and that they had been satisfied. I have been walking up and down the streets of Ottawa in the last few days, and I see the grocery stores filled with fruits and vegetables from the south, just as they used to be in years past, and I was interested to know whether the policies of hon. gentlemen opposite have really had any effect on that trade. We remember how the Minister of Railways used to go up and down the country declaiming against the many million dollars' worth of fruits and vegetables that were coming in from abroad. I believe the figure he used to quote was $40,000,000. Of course we all know that this included all kinds of fruit and vegetables that were never grown in Canada at all. Now in view of what I see in Ottawa to-day I am interested to know whether the policies of the government have really had the effect of curbing the importation of early strawberries and melons, for example.

Mr. MANION: We have the revenue from them anyway.

Mr. BROWN: That is what I want to find out.

An hon. MEMBER: You know it now.

Mr. ELLIOTT: I want to express my hearty agreement with the minister in one respect. If I understand him correctly, he has stated that it would be absolutely impossible for any tariff board in the world to keep in touch with the kaleidoscopic changes which have been made by the present government. With that statement I entirely agree.

Mr. SPENCE: And of the last government, too.

Mr. ELLIOTT: I think my hon. friend has missed the point entirely.

Mr. SPENCE: Not a bit of it.

Mr. ELLIOTT: In answering the hon. member for Quebec South I think the minister missed the point of the argument. As I understand the hon. member's argument it was that the statutes under the provisions of which these orders in council were said to have been passed permitted the remission of certain duties, whereas the orders in council themselves attempted to fix the tariff duties. Apparently the minister has missed the distinction which the hon. member for Quebec South was endeavouring to make. I submit that there is no authority under the provisions of acts cited in the orders in council for the powers contained in the orders.

[Mr. Brown.]

Mr. YOUNG: I have another bulletin before me, number 3766, dated November 7, 1931, fixing the value for duty on gasoline at so much per wine gallon, the American gallon. I believe that that is a smaller gallon than the Canadian imperial gallon. A few moments ago the minister told us that he preferred the American dollar to the Canadian dollar because it was bigger, so I should like to know why he prefers the American gallon to the Canadian gallon when it is smaller. Surely if a big dollar is better than a small one, a big gallon should be preferred. I should like to know how the valuation of 7.72 cents per wine gallon was fixed on gasoline coming from the Pennsylvania district. The minister could not give us the information in connection with sugar; perhaps he can in connection with gasoline.

Mr. RYCKMAN: The unit used is the home consumption unit. The hon. member said he did not know why the American wine gallon was used—

Mr. YOUNG: The dollar is the Canadian dollar.

Mr. RYCKMAN: The home of the American dollar is in the United States.

Mr. YOUNG: Why not leave it there and use our own dollar?

Mr. RYCKMAN: No, we would like to have some of theirs. The action taken in connection with gasoline was not taken under section 43, it was taken by the department in the ordinary course of business. A committee of the house has been considering this question but I have not been able to attend any of its meetings nor have I had an opportunity of reading the report. As I understand it, the value of gasoline was fixed on the basis of the price of crude and the action was taken by the officers of the department without any information being taken from or carried to the minister. The officers are expected to administer section 6 of the law without reference to the minister. I am sorry I cannot answer the questions asked by my hon. friend.

Mr. YOUNG: The bulletin I have states that this action is taken under the provisions of subsection 2 of section 36 of the Customs Act.

Mr. RYCKMAN: That requires no order in council to be passed or action to be taken by the minister.

Mr. YOUNG: When the departmental officials are satisfied that dumping is being practised and they set a certain valuation, they must have some source of information. They cannot accept the word of anyone who drops in and says gasoline is being dumped. They must have something upon which to base their decision. Upon what do they base it?

Mr. RYCKMAN: They make as full an investigation as can be made. They have the entree to the books of any manufacturer or firm in the business. If they are denied that entree the company will soon find out that it did not pay to take that stand.

Mr. YOUNG: Who asked for this valuation?

Mr. RYCKMAN: I am sorry I do not know; it did not come to the minister.

Mr. LAPOINTE: The consumer.

Mr. YOUNG: Someone must have asked for it. This thing does not work automatically to that extent.

Mr. RYCKMAN: Why could not my hon. friend have addressed his question to the committee when this matter was under investigation?

Mr. YOUNG: I was not a member of the committee.

Mr. RYCKMAN: I have had nothing whatever to do with it.

Mr. YOUNG: I was asking the minister.

Mr. RYCKMAN: I am sorry but I cannot give the information.

Mr. YOUNG: I do not know that anyone appeared before the committee to tell how these valuations were arrived at or at whose request they were made.

Mr. RYCKMAN: The officer of the department who has had most to do with the matter of valuing gasoline is Mr. Richards and I understand that he attended before the committee. If there are any members of that committee present to-night perhaps they could give the information which was given to the committee.

Mr. YOUNG: Did the Canadian refiner request this action?

Mr. RYCKMAN: I have no knowledge of any requests.

Mr. YOUNG: Did any independent distributor other than the refiners make any objection?

Mr. HACKETT: Ask the hon. member for Willow Bunch (Mr. Donnelly) to give an explanation.

Mr. RYCKMAN: The distributors want to bring in gasoline from Roumania. I know more about that than I do about this question now under discussion.

Mr. YOUNG: Will the minister tell the committee what he knows about that phase of the matter?

The CHAIRMAN: Shall the item carry?

Mr. YOUNG: No, I want an answer.

Mr. RYCKMAN: I submit that that is not a very fair question, but if I must answer it I will do so. A gentleman from Montreal, since the committee last rose, told me he was anxious to deal in Roumanian gasoline. About a week ago another gentleman told me the same thing, and I know there are one or two others who have spoken to me on the same matter. There is quite a move now to import Roumanian gasoline into this country.

Mr. YOUNG: Hon. members receive these bulletins from time to time stating that valuations for duty are being fixed and we are always in hope that we may be able to find out how these things are done. It is rather disappointing to find the minister does not know anything about the matter.

Mr. RYCKMAN: My hon. friend must be fair; I know how it is done, it is done by the officers of the department as a matter of routine under the provisions of the law as it stands on the statute books.

Mr. YOUNG: The minister does not seem to be able to tell us at whose request this action was taken, who furnished the information or upon what basis the decision was arrived at.

Mr. GOTT: Those who know most about it.

Mr. YOUNG: Those who know most about it could not get what they want. This is very disappointing from our point of view. A little while ago I asked the minister whether he could tell us what dumping duties could be collected, and he thought this was hardly a fair question. But I have under my hand a statement of the quantity of gasoline imported last year and the total amount of duty. This statement does not show the dumping duty. We know, under the act as it stands, under the provisions of this bulletin, a dumping duty is collectible. We also know

the act is so framed that the importer has the privilege of paying that duty to the government or to somebody else in some other country. What I wanted to know was whether those dumping duties were being collected for the benefit of Canada. I desire to know whether the importer was paying this dumping duty to the Canadian government or to somebody in some other country, with Canada deriving no benefit therefrom. It is to our interest to know whether these dumping duties are being collected and to what extent.

As regards using the United States dollar to measure values and the Canadian gallon to measure quantities, it appears to me one explanation is this: in fixing the value the minister uses the United States dollar because by that means he can raise the duty as high as possible and then he uses the larger gallon to raise the duty still further. In every case he uses the measurement, whether of value or quantity, that gives him the highest rate of duty.

There is just one other matter about which I want to ask a question, and that is in regard to women's and children's clothing. A few weeks ago the minister said something about the importer of misses' dresses wanting to bring into this country 10,000 dozen at a cost of thirty-three and a third cents a piece. Will the minister say how those goods were shut out, how the values were fixed and at whose request?

Mr. RYCKMAN: The goods did not come in.

Mr. YOUNG: I presume they did not come in because the value was placed too high.

Mr. RYCKMAN: The person who was interested in the proposition was told that if there was dumping, the dumping duty would be imposed, and the matter was not proceeded with.

Mr. YOUNG: Do I understand that the statement was that they would make the duty high enough to keep the dresses out?

Mr. RYCKMAN: No, that is not correct. The statement was plainly made that under the dumping law, if there was dumping, the dumping duty would go on, and so the business was not carried out.

Mr. YOUNG: The effect, anyway, was to shut the dresses out. I should like to give the minister the other side of the picture. Ten thousand dozen or 120,000 ladies' dresses could have been brought into this country at a cost of thirty-three and a third cents apiece. The minister says: No, you shall not bring them in. A friend of mine who wished to secure a maid to help his wife in the house, believed he could get one in the dried out districts of Saskatchewan.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: This is not a laughing matter. He went there to get one. He said: I went into house after house where there were grown up young ladies willing and anxious to go out to work, and they could not do so because they had no clothes to wear. They were actually in their bare feet.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: It is all very well for hon. gentlemen to laugh, but if they were in that position, they would not laugh. That was the situation. While people in this country are going in rags, in their bare feet, the minister boasts in the house that he has deprived them of the opportunity to secure dresses at thirty-three and a third cents apiece.

Mr. MALCOLM: I am not going to delay the passing of this estimate, but I should like to make one observation, particularly because the Minister of Trade and Commerce has come into the chamber. The hon. member for East Algoma referred to a probable duty on lumber being put into effect by the United States and referred also to the disastrous result this action might have on the Canadian lumber industry. Later on the hon. member for Antigonish-Guysborough discussed with the minister the fact that the countervailing duty of $1.50 per 1,000 feet applied on Canadian lumber by virtue of the fact that we had applied a one per cent excise duty on United States lumber entering Canada. The hon. member for East Algoma, when he was speaking of the possible duty being applied by the United States, appealed to the Minister of National Revenue and, I think, to his colleagues in the government, that if this were done, it would be advisable to retaliate against the United States by imposing a duty on their lumber entering Canada. I do not suppose I shall have another opportunity this session, so I now want to warn the Minister of National Revenue, the Minister of Trade and Commerce and the government that there could be no more foolish or destructive policy for the government of Canada to adopt than to retaliate by placing a duty on lumber entering Canada from the United States.

All lumber unfortunately has been treated in our customs tariff under one item. Lumber consists of the production of a variety of trees and has many uses. We in Canada are quite

dependent, whether we like it or not, on the United States for oak lumber, hickory lumber and walnut lumber. The hon. member for Lincoln knows quite well that hickory lumber is essential in the manufacture of certain commodities in which he is interested; I know that walnut lumber is essential in the manufacture of certain commodities in which I am interested, and I warn the minister not to treat this item of lumber as though it were just one commodity. The lumber item should be divided into several classes; then we could treat it properly with regard to the question of customs duties. I appeal to the minister and the government, should the United States impose a duty against Canadian lumber, not to jeopardize and injure the existing industry in Canada by retaliating and putting a duty against raw material which it simply must secure from the United States if we are to keep our men employed in certain branches of the woodworking industry. What the hon. member for Comox-Alberni has said is quite true; the proper thing to do is to conduct negotiations with the United States with a view to keeping lumber duty free between the two countries. Canada gets the best of the lumber trade between the two countries; we ship to the United States more than we buy from them, and what lumber we buy is of a type we do not grow. I advise the minister not to indulge in any foolish policy of tariff reprisals on lumber even if the government has the power to do so.

Mr. SPEAKMAN: I should like to know the regulations in respect of the entry of books of an educational character published in Great Britain but not published in this country. The reason I ask the question is this: to-day I received a letter from a friend of mine in my riding, who, while a farmer and not a very wealthy one, is by way of being a student of economics. From time to time he orders publications from the old country and this one, when it reached Red Deer, which is a customs port, was held there for duty purposes. Believing that such books were admitted free, he protested to the collector there who informed him that the only books of an educational character exempt from duty were books not printed or reprinted in Canada which were actually included in the curricula of Canadian universities, schools or colleges, and that this book, of which my friend unfortunately neglected to give me the name, but which I am sure from my knowledge of him, was educational, was not in any curriculum. It was published by George Allen and Unwin of London, England. It was apparently on economics. He stated that he was not particularly concerned with the small amount of duty that he was obliged to pay on this book, but he was concerned as to the policy, because he thought—and in this I very strongly agree with him—that brains, ideas, should come in as far as possible duty free. If they are desirable books used in the study of economics or any other branch of education, I think they should be allowed to come in without payment of duty. As I do not know the book in question I cannot argue about it, therefore I am asking the minister the practice in regard to books of an educational character printed and published in the old country, but not in this country. I refer to books not found upon the curricula of Canadian universities, schools or colleges; because the minister realizes that there are many works of an educational character, but modern in tendency, which have not found their places upon the shelves of our schools. I hope the time may come, however, when they will.

Mr. RYCKMAN: The items of the tariff dealing with books are 169 to 176. I believe my hon. friend is referring to 175. If he has not a copy of the tariff schedule, and will so inform me I shall be very happy to send it to him.

Mr. SPEAKMAN: I was referring particularly to the interpretation of the tariff items dealing with books.

The CHAIRMAN: Order; the discussion must be relevant to the item.

Mr. SPEAKMAN: We are discussing collectors at the custom ports, and I am asking as to the discretion exercised by collectors.

Mr. RYCKMAN: I should be very happy at a very early date to give my hon. friend any information he desires in regard to the tariff items.

Mr. GARLAND (Bow River): What are the instructions to collectors in regard to the duty on books, or the instructions regarding books entering free? What books enter free?

Mr. RYCKMAN: I believe I had better read the items:

175. Books not printed or reprinted in Canada, which are included and used as text books in the curriculum of any university, college or school in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, public libraries, libraries of universities, colleges and schools, or for the library of any corporated medical, law, literary, scientific, or art association or society, and being the property of the organized authorities of such library, and not in any case the property of individuals — the whole under regulations

prescribed by the minister—provided that importers of books who have sold the same for the purpose mentioned in this item, shall, upon proof of sale and delivery for such purpose, be entitled to a refund of any duty paid thereon.

Then item 176 is as follows:

176. Books, bound or unbound, which have been printed and manufactured more than twelve years.

Then, other books on the free list are:

Books, embossed, and grooved cards for the blind; and books for the instruction of the deaf and dumb and blind; maps and charts for the use of schools for the blind.

And, further,

Books printed by any government or by any association for the promotion of science or letters, and official annual reports of religious or benevolent associations and issued in the course of proceedings of the said association to their members and not for the purpose of sale or trade.

The CHAIRMAN: Order; we cannot discuss items 175 and 176 of the schedule. This discussion is out of order.

Mr. SPEAKMAN: I am directing my remarks to the discretion of the collectors. Is discretion given to the collectors whereby an individual may be permitted to bring in a book free of duty, no matter what the character of the book may be?

Mr. RYCKMAN: If the tariff schedule does not allow the entry of the book without payment of the duty, certainly the collector has no authority to say that duty shall not be paid.

Mr. VENIOT: It is a fact that certain goods are exempt from the excise tax, and of the number I understand lumber is one. That is so, is it not?

Mr. RYCKMAN: That is my recollection, but I will look it up.

Mr. VENIOT: From memory could the minister tell whether or not there are any other goods exempt from the three per cent excise tax?

Mr. RYCKMAN: I would answer my hon. friend by stating that this matter will be before the house in the form of a resolution sponsored by the Minister of Finance, and schedule 3 of the Special War Revenue Act will be under consideration. This is a very long schedule and—

Mr. VENIOT: The section referring to the excise tax is not very long.

[Mr. Ryckman.]

Mr. RYCKMAN: Oh, is the hon. member referring to the excise tax?

Mr. VENIOT: Yes.

Mr. RYCKMAN: It will be under review when the resolutions of the Minister of Finance are considered.

Mr. VENIOT: I am just dealing with the customs end of it. As the excise tax is collected by the Department of Customs I thought the minister could give me the information. However I shall not press the matter. I was bringing it to the attention of the committee for the benefit of the hon. member for South Essex. I see that raw leaf tobacco when imported by licensed tobacco and cigar manufacturers is free of the three per cent excise tax. How does that affect the Canadian grown tobacco?

Mr. RYCKMAN: Tobacco is already subject to a very heavy excise tax.

Mr. GOTT: Is the hon. member suggesting that the tobacco industry should be further taxed, despite the fact that it is now taxed $48,000,000 yearly?

Mr. VENIOT: I am not talking about taxing the tobacco industry at all. I was merely asking for information so that the hon. member for South Essex might have a better understanding. A few nights ago he was talking about the protection which should be given the Canadian tobacco growers. He should understand that the three per cent excise tax does not apply to raw tobacco coming from foreign countries into this country, for certain purposes.

Mr. RYCKMAN: I suggest that the hon. member allow the matter to stand. He has asked for information as to what would come under the three per cent excise tax. He may ask that question when the resolution is before the committee.

Mr. VENIOT: Just a minute; this matter is not under consideration by the Department of Finance. A definite decision was made last year. The only consideration given to it this year is that the tax has been increased from one per cent to three per cent.

Mr. RYCKMAN: We seem to be at cross purposes. I understood the hon. member to ask me what articles beside lumber were free from this tax. I have asked him to look into the resolution which has been introduced and will be discussed. I should not like to tell him something to-night and learn to-morrow or next day that I was wrong.

Mr. VENIOT: I think we are at cross purposes, because the resolutions to be discussed in the committee of ways and means will not include exemptions. They will only deal with the increase of the excise from one to three. But those resolutions do not give the exempted articles; those were passed last year.

Mr. RYCKMAN: They will be in the bill, I have no doubt.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

Aviation—training—all expenses in connection with the general maintenance of the air force, including training personnel for civil air operations and provision of the necessary facilities therefor.

Civil air operations—flying operations for civil government departments in connection with aerial photographic surveys, forestry patrols, forestry and grain pests, transportation, etc., control of civil aviation; establishing aerodromes and airship bases; aeronautical engineering, etc.

Air mail routes—to provide for expenses in connection with establishing and maintaining air mail routes; preparation and lighting of intermediate landing fields, etc., $1,750,000.

Mr. SPENCER: How many men have been dismissed from the air force?

Hon. D. M. SUTHERLAND (Minister of National Defence): One hundred and seventy-eight.

Mr. SPENCER: Has it been possible to take any of them into other branches of the service?

Mr. SUTHERLAND: It has been possible in some cases. The government has done everything it can do, although it must be borne in mind that these men have really no greater claims than many others who have been let out of the service in other departments.

Mr. MALCOLM: Will the reduction in the force mean that civil aviators will be engaged to do what staff men formerly did?

Mr. SUTHERLAND: The work will to some extent fall into commercial aviation hands.

Item agreed to.

Government of the Northwest Territories—radio services—for the maintenance and operation of the Northwest Territories radio system —further amount required, $33,000.

Mr. MALCOLM: Why is this necessary?

Mr. SUTHERLAND: We operate the radio service in the Northwest Territories for the Department of the Interior. With regard to the extra item the Northern Exploration Company three or four years ago installed the following stations: Burnside, in the Arctic; Hunter bay, at the eastern end of Great Bear lake; Fort Reliance, at the eastern end of Great Slave lake; Stony rapids, at the eastern end of lake Athabasca; Baker lake, near Hudson bay. They have not operated those stations in the last couple of years, and they offered to sell them to the government at a very reduced rate. The apparatus is very good, it has been examined by our people, and it was thought advisable to buy it. That accounts for the $25,000. The balance is for opening up a station on Great Bear lake where this mining development has taken place. It was not in contemplation when the original estimate was prepared.

Mr. MALCOLM: Is it sending or receiving apparatus?

Mr. SUTHERLAND: Both.

Mr. ELLIOTT: Apparently this is a misstatement. The estimate says for maintenance and operation.

Mr. SUTHERLAND: That is improperly described.

Mr. POULIOT: If unemployment is still severe next winter, would the minister have any objection to giving to the unemployed some of the moth-eaten clothes in the armouries?

The CHAIRMAN: Order. The member must learn to conform to the rule. Speeches in committee of the whole must be strictly relevant to the item under discussion.

Mr. POULIOT: But the minister, I am sure, will answer my question.

The CHAIRMAN: Even if the minister consents to do so, the rules of the house must be observed.

Mr. SUTHERLAND: We have no moth-eaten clothes.

The CHAIRMAN: Order.

Mr. SUTHERLAND: We shall be very glad to do all we can to assist the unemployed. We have already given away a considerable amount of underwear.

Mr. POULIOT: Thank you.

Item agreed to.

Cadet services—to meet balance of commitments, $260,000.

Miss MACPHAIL: Why is this item introduced in the supplementaries when we were encouraged by the main estimates tc think there was a reduction?

Mr. SUTHERLAND: I am guilty. My intention was to try to get along with the former amount. I was unaware at the time that this vote is for the school year beginning the first of September last and ending in June. So we are committed for the whole amount now.

Miss MACPHAIL: It is not really an addition?

Mr. SUTHERLAND: Oh, no. The hon. member will recall it was $400,000 last year; it is $40,000 less with this supplementary.

Miss MACPHAIL: What does the minister propose doing next year,—leaving it as it is now?

Mr. SUTHERLAND: In all probability we will keep on about the same. It may be necessary to cut down to a certain extent, but in a general way we want to keep the movement going.

Mr. WOODSWORTH: I protest against this expenditure. As the committee knows, some of us have been opposed to the cadet movement. We do not think it is a good thing to encourage the military spirit on the part of boys, as we believe this movement does. But at this particular time, when civil servants are being cut ten per cent, when large numbers of men are being laid off, when the unemployed are having a desperate time even to exist, and when a man died in Montreal the other day of poisoning from food taken from the dump, which is just one more example of the desperate straits to which men are reduced, it seems to me absurd that we should have in the supplementary estimates $260,000 more for cadet training in schools. Some of us have protested previously that we do not believe the Dominion government has any right to go into the educational field in this way; that it is a distinct invasion of provincial rights. I am aware that the provinces have consented to this arrangement. I am glad to think that in my own city, after much effort, we have managed to keep cadet training out of our public schools. We intend to keep on doing so, but in other places the officers do everything in their power to induce school boards to take it up. Quite often the boards are reluctant to do so, and many parents are strongly opposed to having their children receive cadet training, but it is done on the urgent solicitation of officers of the Department of National Defence.

We have brought up these points before, but I wish to do so again. In these particular circumstances and with the conditions that prevail to-day there seems no justification whatever for placing this amount in the supplementary estimates and keeping the vote where it was in previous years. In any case, if the arrangements are such that the minister is in honour bound to carry them forward this year, it seems to me that at least he should give the assurance to the house that there will be cuts as soon as this school year is over.

Mr. POULIOT: May I suggest to the minister that in these times of hardship this money might be used to buy shoes and clothing for the children of the unemployed who because of their lack of clothing are unable to attend school. I know that in many cities and towns in different parts of the country there are children who cannot go to school because they are not properly clothed, so I suggest that instead of encouraging this drum-beating we permit children to attend school with proper clothing. I am glad to support the timely suggestions of the hon. member for Southeast Grey and the hon. member for Winnipeg North Centre. If the minister is unable to accept them, could he not give this money to institutions that are supported by private charity? There is such an institution in Montreal called La Maison Ignace Bourget, which was founded by a member of the press gallery and some of his friends to care for old men in that city. At present they are sheltering, feeding and clothing about three hundred people. It is an admirable work, and I believe we should give all we possibly can to the poor in order to help them through these hard times.

Miss MACPHAIL: I have said so often what I think about this cadet training that there is no need to go into it at any great length to-night. But I want to state once more that it is educationally unsound, because instead of developing a child it uses the child for an objective quite outside the child itself. I notice we have a new, outstanding authority for that view; I refer to Doctor A. S. Lamb, head of the McGill school of physical education, who has stated it many times, with much force, both in the press and on the public platform. For that reason I am against cadet training. My own belief is that if the instructors were not paid so much per head we would not hear very much about cadet training. I have come to the conclusion that boys do not like it; they prefer something that is joyous and free and that means something to themselves. It may be that on parade, when everything is shined up, they like the show, just as most people do, but I think boys rather hate cadet training day by day. They are not interested in it, and if it were not for the department urging them on the one side and the teachers urging them on

the other—the department because it is trying to keep a military machine in some sort of readiness, and the teachers because they make money out of it—I do not think we would hear anything about cadets. It should not be carried on, no matter how well we could afford it, because it is bad from every point of view; but this year we cannot afford it. It is simply ridiculous to spend money in order to have small boys strutting up and down a yard with guns when other children, as hon. members have truly said, have not clothes to wear or food to eat to enable them to go to school.

To-day I had in my office a man of mature years, though still young, who six months ago completed a two year term in one of our penitentiaries. He came out with a determination to do the right thing, and he has made a great effort. During the six months he has been out he has kept himself strictly honest; he has not done anything he feared he might do. He has kept away from the old crowd; he has sought work and up to the present he has been able to keep himself, but now he is in desperate straits. He asked for a job, a job of any kind; he was only too willing to work, and he is just one man out of hundreds. We have scores of men lying all over our parks, some of them hardly more than boys. They are desperate and they will fill our criminal institutions if something is not done about it. We should use every cent we can get together to save those who can be saved instead of spending money on this sort of nonsense, though I am not sure that this is any worse than the yearly drill we are to have. I see we are going on with the non-permanent active milita this year. It is a terrible waste of money, and there is no justification for it under present conditions.

There is just one other point to which I should like to refer. Even from the military side, cadet training is useless. It does not make soldiers; it is simply a waste of money. If that amount of money were spent on real physical education, teaching the boys to play the game, as seems to have been so successful in English public schools, it would mean a great deal. I think we found during the great war that it took as long to train cadets as it took to train those who had never been cadets. From every point of view I protest against this vote. I was glad to hear the minister say, however, that this is not an actual increase, that the money has been practically spent already. It should be cut out altogether. I am wondering if we must go on forever training boys in military tactics just because Strathcona created a fund. It would have been better if he had taken it with him, if we must keep on forever doing this sort of thing. I do not like to think that because a trust was established years ago we must go on spending money in this way year after year. We will go on forever if we do not find some way of stopping it. We do need physical education. There is a great movement in that direction in our schools and universities, but that is quite a different thing from military drill.

Mr. BOUCHARD: I should like to ask the minister to let this item stand in order that my hon. friend from St. Johns-Iberville may speak to it.

Mr. SUTHERLAND: I do not think the hon. gentleman wants to speak to this item. I am allowing another one to stand, however. The item he is interested in is the permanent militia, which was passed the other day; but as the hon. gentleman will have noticed, there is an item under which he will be free to speak.

Mr. GARDINER: The minister stated that certain commitments had been made up to the end of June. How much of the present vote will it take to meet those commitments?

Mr. SUTHERLAND: Practically the whole of the vote.

Mr. GARDINER: Including the $100,000 in the ordinary estimates?

Mr. SUTHERLAND: Quite so.

Mr. GARDINER: That will meet the commitments up to the end of June?

Mr. SUTHERLAND: The school year.

Mr. GARDINER: No provision is being made for the beginning of the new school term.

Mr. SUTHERLAND: This is the way the vote has gone through for a number of years. It is for the present school year, and it has always passed this way.

Mr. GARDINER: In view of the conditions we are now passing through and the protests that have been made with regard to expenditures, will the minister take into consideration the possibility of notifying the school at the end of the present term that the department cannot commit itself to the support of cadet training until such time as the house gives its consent?

Mr. SUTHERLAND: I am not prepared to give such an undertaking.

Mr. HEAPS: On what ground will the school be justified in proceeding with arrangements for training in the next term unless they have some assurance that the government will come to their assistance?

Mr. SUTHERLAND: This is the way the vote has been administered for a number of years. This is for the current term.

Mr. HEAPS: Personally, I think there should be a settled policy. I was pleased to see the item reduced from $400,000 to $100,000, but evidently the minister is coming forward with a new proposal which means that the total item will be reduced by ten per cent as compared with last year. That is only a small cut in an item of this kind, which we could very well get along without. If the government, for reasons of economy or on any other ground, thought it desirable that the item should be reduced from $400,000 to $100,000, why have they changed theiir minds as they are now doing?

Mr. SUTHERLAND: I have acknowledged my responsibility in this matter. I must personally accept the responsibility for it.

Mr. DONNELLY: Unless the minister notifies the schools that there is likely to be no grant next year, they will commit themselves to the same expenditure again and the vote will continue. If he does not notify them, they will make their arrangements for next year as they have done before, and the result will be that we shall never have the vote reduced. It means that we are committed to the same vote year after year, and there is no way of reducing it.

Mr. LAVERGNE: I hope the vote will not be reduced, because, so far as Quebec is concerned, we have more cadets in that province than anywhere else in Canada, and this is a splendid educational movement. It forms the mind of the child, gives him an idea of discipline, and teaches him how to carry himself and how to answer his superiors. I am glad to say that so far as we are concerned the cadet movement is progressing year by year and doing great good to the children of the province, physically, mentally and morally.

Mr. POULIOT: I am strongly against that kind of discipline—

Mr. LAVERGNE: And my hon. friend is the best example of what he says.

Mr. POULIOT: Give me a chance to speak; you are not in the chair. I have the floor and it is my turn now. My hon. friend, I believe, is a colonel in the army, but I want to tell him we are not his soldiers. I am a friend of his, but I do not depend on him. Here we are all free, and the Prime Minister, when he sits in his place, is only the first among equals, as I have already said. We are all the same. That is why I take this opportunity to speak as a free lance. As regards that word "discipline," may I say that if I had been in Ottawa I should probably have attended the dinner given in honour of the Minister of Railways. I should likely have done so because I like him personally; I would have attended a dinner given, not to the Minister of Railways, but to a very fine man. And if I had been there and had heard the Prime Minister complimenting the hon. gentleman on his spirit of discipline, I would have protested, because that is no compliment to a member of the House of Commons. As I say, we are all free and must continue to exercise our freedom. I am in favour of gymnastics, because it is good for children; it helps them to grow up into healthy men and women. I believe in gymnastics on the old principle of mens sana in corpore sano; but I am strongly against instilling militaristic ideas into the minds of children. No doubt we must have respect for order, but there is a great difference between a proper understanding of order in the state and the militaristic idea of discipline. Although I am a free lance I am strongly in favour of social order; I believe in it just as firmly as my hon. friend from Montmagny does; but I am not at all strong for the idea of having children carry guns when they are only ten years of age. It is good for them to do their daily dozen, and children should go in for healthful sports, and it is a good deal cheaper, if you are to spend money on physical training for children, to buy them footballs and baseballs and things of that kind than to buy a lot of prizes and fancy uniforms and guns and trumpets and so on. Let the government buy them footballs and bats and baseballs. Let them go in for sports which will help to make them healthy. That will be just as good for them as this cadet training.

If I take up the time of the committee now it is only because I have been prevented before from doing so. And when a man, whoever he may be, says that a member of the House of Commons is retarding progress because he expresses his views, let me say to my hon. friend that I am here as a free man. I have never been a cadet in my life, and that is why I express myself freely in a free House of Commons in a free country. We must have absolute freedom. Had I been

brought up a cadet, perhaps I should not now say what I am saying, for fear of being unpleasant to someone. But as a free man, I speak freely. That is all I have to say at present.

Miss MACPHAIL: We have been told many times in previous years by ministers of national defence that there was no compulsion in this matter, that there was no such thing as compulsory military training in the schools. This year we have seen a good deal in the press about three youths who were expelled from the Windsor Technical School because they would not take cadet training. If that is not compulsion, I should be happy to have the minister explain what it is.

Mr. SUTHERLAND: The three young men in question were over eighteen years of age, and therefore they did not come under the cadet movement, which is limited to eighteen. They were working with the cadets, and evidently the Windsor school board had some regulations; but the government had absolutely nothing to do with them.

Mr. HEAPS: How is this item made up?

Mr. SUTHERLAND: It is made up of the pay to cadet instructors, also—

Mr. HEAPS: How much do the cadet instructors receive out of this sum?

Mr. SUTHERLAND: The round figures are as follows:

Cadet instructors, $42,000; military clerks, $5,000; stenographers, $14,000; physical training instructors, $42,000; cadet signallers, $1,700; instructional allowance, $184,000; transport of district cadet officers, $11,000; transport of physical training instructors, $8,000; cadet instructors' courses, $22,000; freight and cartage, $2,000; rifles, ammunition and equipment, $2,000; postage, stationery and telephones, $2,800; Miscellaneous, $300; grant to the Dominion of Canada Rifle Association, $1,000.

Mr. GARDINER: Does this vote provide for all the salaries paid to the instructors, or are they supplemented by the school boards?

Mr. SUTHERLAND: It costs the school boards considerably more. This is given in the way of a grant to instructors who fulfil certain qualifications and take certain courses. In most of the collegiates the instructor carries on some other work and this grant is made for his cadet duties.

Mr. HEAPS: Do the cadets receive any uniforms at the expense of the government?

Mr. SUTHERLAND: Up until last year there was a uniform grant, but that has been cut out.

Mr. GARLAND (Bow River): The minister brought down his main estimates of $100,000, which showed a decrease of $300,000 over last year. I am quite sure it was not the intention of the minister to deceive the committee or the country with those main estimates; I am sure he believed that $100,000 was all that was required, but is he prepared to suggest that $100,000 should be ample for next year? The minister thought that $100,000 would be sufficient for this year, and we accept his explanation that the supplementary amount of $260,000 was unexpected. But I suggest that he make it expected next year in so far as a reduction is concerned. If the minister wants to save the country and relieve unemployment to the extent of $260,000 he has the means at hand. Does he want to take that course?

Mr. SUTHERLAND: I am very much in favour of this movement, but it had to give way to pressure from other things. I am quite convinced that it cannot get along on $100,000, but just what it will require will have to be considered by the treasury board and the council.

Mr. GARLAND (Bow River): In view of the general circumstances now existing throughout the country does the minister not think he is hurting himself, his cause and his government by continuing to vote this amount of money? There is not a man or woman in the country acquainted with the actual conditions but who would praise the minister if he eliminated this vote during the present economic depression. It is quite true that it is not a great amount but it looks pretty big to the unemployed and to those who are trying to serve the unemployed and steady them during this time of stress. The voting of $360,000 for the drilling of little boys in schools is not the thing to do during times like these. I am opposed to this vote in both good and bad times, but in view of the present economic conditions I think it should be eliminated.

Mr. SUTHERLAND: Of course the hon. gentleman must realize that there are two sides to this question. Many people throughout Canada have a different idea from his. These grants are not being forced on the school boards; if they do not want them they do not have to take them. Since the main estimates were brought down I have had many representations from people all over the country protesting against the reduction. This is not a military organization; the physical training is what justifies it. The dis-

cipline entailed is a most excellent thing for young people at a time like this. Discipline and physical training are the very essence of the cadet corps, not militarism.

Mr. GARLAND (Bow River): Perhaps it was because of the protests that the minister included $260,000 in the supplementaries.

Mr. SUTHERLAND: No.

Mr. GARLAND (Bow River): It was just a mistake on the minister's part?

Mr. SUTHERLAND: Oh, no.

Mr. GARLAND (Bow River): Was it an underestimate?

Mr. SUTHERLAND: Yes, an underestimate on my part.

Mr. GARLAND (Bow River): In view of the fact that some $84,000 is for salaries of personnel and the rest for travelling expenses, and so on, I am not surprised that at a time like this the drill instructors, lecturers and military gentlemen do not want to be deprived of their little perquisites. I should have been surprised had the minister not received protests, but I am surprised at his unwillingness to tell these people that in times like this when children are starving they should be willing to forego their perquisites. I attended a public school in the old country where we were given excellent physical training by a sergeant-major of the British regular army, but he did not train us with guns, he used Swedish drills. He trained us in a gymnasium properly equipped with the necessary apparatus to build up such health and strength as our physical structure would permit. We did not have this silly gun drilling, this standing at arms, this saluting the sergeant-major and all the rest of that rot against which resentment is developing at the present time. The minister is not helping his cause or his government by bringing forward this vote this year.

Mr. DONNELLY: I rise again to protest against this vote. I realize, as does the minister, that physical training and discipline are of great value to children, but there are other things of more value at a time like this. First things should come first. We realize this when we visit districts, as I have during the past winter, and find little villages with their three and four roomed schools closed and the children forced to run on the streets. It is very hard to go back to those people and justify a vote like this being granted to schools for physical training when other children cannot get the first principles of education.

[Mr. Sutherland.]

When the primary schools in certain districts are being closed, it is difficult for one to justify a vote of $260,000 for cadet training. If you could have the schools open and have this cadet course going on as well, that would be all right, but these are strenuous times and we are in a period of depression, so that I think we might well curtail some of these activities.

Mr. SPENCER: The minister says he is more or less obligated to put this extra amount into the estimates. If that is so, probably he cannot get away from it just now, but he refuses to give consideration to the question of notifying the schools that they cannot expect $360,000 or any part of that amount another year. The government in their wisdom have seen fit to cut down the estimates in many ways. They have cut out some $200,000 in provincial grants which were being used in an endeavour to eliminate certain social diseases. They have eliminated a small grant of $20,000 to the Canadian Social Hygiene Council, an organization that has done invaluable work throughout Canada in helping to keep our people healthy. If it is necessary to cut out $220,000 in these two bodies the work of which was doing an enormous amount of good—and I have no doubt the public will suffer because grants have been cut out—surely we can see our way to notifying the schools that in future years this amount for cadet training will be reduced, if for no other reason than that the amount of money thus saved will be turned into the two grants that have been reduced as I have stated, so as to enable us to cope with conditions that face the public from time to time.

Item agreed to.

Mr. SUTHERLAND: There is one item I am not calling. The ex-Minister of National Defence has asked that there should be some discussion with regard to aviation, and I have no objection that a discussion take place on that other item. I had not intended to call it to-night. If the hon. gentleman wants to discuss it, with the consent of the committee I have no objection to his discussing aviation on it.

Mr. RALSTON: I was going to take only a few minutes. Would the minister give to the committee a brief explanation of how he intends to apportion this lump sum of $1,750,000, which is now being voted instead of the $5,442,000, between the three services, that is, the training service, civil air operations and air mail routes?

The CHAIRMAN: What is the item?

Mr. RALSTON: Item 89.

The CHAIRMAN: But there is nothing before the committee.

Mr. RALSTON: The minister was good enough to say that he would revert to it.

The CHAIRMAN: What item shall I call?

Mr. SUTHERLAND: Item 344, but I do not want it passed to-night.

National Defence — general — miscellaneous— to authorize refund to the widow of the late Sergeant-Major Henry Hinde of his contributions to the militia pension fund, $919.32.

Mr. RALSTON: The minister has bracketed the whole three items in one lump appropriation of $1,750,000, whereas last year it was divided into $2,266,000 for training; $2,776,000 for civil air operations and $400,000 for air mail routes. How does he propose to divide up the lump sum which is being voted this year, and what work is proposed to be done under the three items?

Mr. SUTHERLAND: Civil air operations are washed out altogether, so far as this appropriation is concerned. An amount of $1,555,000 will go to aviation proper and $195,000 to civil aviation.

Mr. RALSTON: Does my hon. friend, when speaking of civil aviation, mean air mail routes, the third item in estimate No. 89?

Mr. SUTHERLAND: This year we have $77,000 under the air mail heading, which is largely used for maintenance.

Mr. RALSTON: Do I take it that the amount of $1,555,000 is on account of the training item, that is the first item?

Mr. SUTHERLAND: Yes.

Mr. RALSTON: And nothing for civil air operations?

Mr. SUTHERLAND: No.

Mr. RALSTON: And $77,000 for the air mail routes?

Mr. SUTHERLAND: Yes.

Mr. RALSTON: That still leaves about $200,000?

Mr. SUTHERLAND: No; control of civil aviation, $64,500; St. Hubert aerodrome, $22,500; grants to clubs and schools of aviation, $31,000.

Mr. RALSTON: Do I take it there is about $200,000 in toto under that item?

Mr. SUTHERLAND: The civil aviation grant, $195,000, that is including air mail routes, $77,000.

Mr. RALSTON: For the purposes of this division, $195,000 comes under air mail routes?

Mr. SUTHERLAND: Not civil government aviation, but civil aviation such as the control of air mail routes, air ports and grants to aeroplane clubs.

Mr. RALSTON: But this does not contain any vote in specific terms for civil aviation; the amount of practically $200,000 comes under this item of air mail routes and analogous services, that is all the services which are furnished by the controller of aviation.

Mr. SUTHERLAND: Quite so.

Mr. RALSTON: And there is nothing for civil air operations.

Mr. SUTHERLAND: Nothing whatever.

Mr. RALSTON: Then that item can be disregarded in discussing the appropriation.

Mr. SUTHERLAND: Quite so.

Mr. RALSTON: Are no civil air operations being carried on, for instance, for the payment of Indian treaty money; for the fisheries patrol service; for the Deparment of Agriculture; for transportation on account of the Department of Mines? Is the department carrying on none of those services at all?

Mr. SUTHERLAND: It is possible some slight service will be done, for instance for the Indian department, on the understanding the out-of-pocket expenses will come from the appropriation of the Department of the Interior. Of course we have the men and the equipment, but we have not the money to carry out the service. In some such cases, where they supply the money for the out-of-pocket expenses, something like that may be done.

Mr. RALSTON: The minister has no plans for that at all?

Mr. SUTHERLAND: No; except that if the Department of Interior say: We want something there and we will give you the oil and gas, the department will carry out the service.

Mr. RALSTON: But the men under that were paid out of the ordinary civil aviation vote and not out of training.

Mr. SUTHERLAND: They will have to be taken out of the training vote. They are all paid out of the one vote.

Mr. RALSTON: But that was not the case in the past.

Mr. SUTHERLAND: No, but they are all in the one vote now.

Mr. RALSTON: Under this item of $1,555,000 which I understand is for training, how many men and how many officers will be trained?

Mr. SUTHERLAND: There are 103 officers and 606 men in the air force at the present time.

Mr. RALSTON: How many will be trained at Borden and how many at Trenton?

Mr. SUTHERLAND: I am not just sure about that, but I have the figures somewhere, if the hon. member will wait a minute or two. Of course there are a great many more at Borden than at Trenton.

Mr. RALSTON: If my hon. friend will give me the proportions I shall be satisfied.

Mr. SUTHERLAND: At headquarters there are 16 officers and 46 men; at Borden 17 officers and 207 men; at Winnipeg air station 11 officers and 100 men and at Trenton 15 officers and 38 men.

Mr. RALSTON: Is my hon. friend not going to use the men at the Winnipeg air station for civil aviation work?

Mr. SUTHERLAND: If there is any work to be done in the north country, undoubtedly they are the ones who would do it.

Mr. RALSTON: I am referring to mining work particularly. All hon. members are interested in the development of the north country and undoubtedly aviation could be used to great advantage in that connection. Does not the minister believe it is desirable to use the air force for that purpose?

Mr. SUTHERLAND: Most of the preliminary work has been done up there. The routes have been well surveyed and photo graphs have been taken which will take some time to develop. The service will not suffer, if it does not go on this year.

Mr. RALSTON: What will the minister do with the 100 men at Winnipeg, if they are not put at work of that kind? What will these men be doing? Are they not enlisted?

Mr. SUTHERLAND: Yes. They have to be kept somewhere, that is a certainty. I take it the hon. gentleman does not wish us to let out any more men. It may be that those men will be moved around gradually; some may go to Trenton; there will be some at Vancouver. They will be on hand to do what there is to be done.

[Mr. Sutherland.]

Mr. RALSTON: I do not want the minister to lay off any more men. I protested before about the large number who were let go and the manner in which they were discharged. I feel however that in the present instance there is an arbitrary cut of $1,750,000 I know the minister is having difficulty; I do not think for one minute that he cut his own vote. I submit to the minister, however, and I think all hon. members will agree, that the idea of slashing the vote in this manner, without any regard to the work to be done, was wrong. Although the force may not have been kept at full strength, at the same time the trained men could have been used for useful work not only in the Department of National Defence but in the other departments.

While year after year I brought before this committee, and supported, a cadet vote, I say that if there had to be a cut it would have been better to cut that vote than to drop, as in the present instance, 78 officers and 100 men, half of whom were returned soldiers and married. I do not know whether he has satisfied himself, but the minister has not given me a satisfactory explanation for the dropping of those men, the resulting tremendous dislocation in the air service, and the set back which this service, of which Canada was so proud, received by reason of the fact that these men were let go.

The minister now finds himself in the position where he cannot carry on civil aviation work at all. He is training a few men at Borden, a few at Trenton, and 100 men in Winnipeg are apparently doing nothing. As I understand him they are simply waiting to give service to the department, if any opportunity presents itself.

Then, $77,000 will not go very far in connection with air mail routes. I think at this time a word should be said about the routes that were developed whereby through the use of the air force and the men connected with it, it was made possible to provide communication with the outlying districts. The air force were the pioneers in that work. Again in the more settled areas they surveyed the routes, established landing fields and perfected a system of which Canada was proud. I think the Canadian people believe a great mistake is now being made when they see that because

we are going through a period of depression this fine service is being completely demoralized. On what routes does the minister intend to spend the $77,000?

Mr. SUTHERLAND: That amount is very largely for maintenance. The stations throughout the west have to be maintained, and a certain amount of money is necessary for that purpose. Those stations were not laid up until the first of April, the beginning of this fiscal year, and it takes a good deal of money to get them settled down for a rest. The machinery has to be put into grease.

Mr. RALSTON: Is there any air mail route which will be used this year?

Mr. SUTHERLAND: No lighted mail.

Mr. RALSTON: No lighted air mail route? Is there any air mail route on which government services are to be used?

Mr. SUTHERLAND: Government services are to be used from Rimouski to Montreal.

Mr. RALSTON: Is there any survey being made on the St. John to Montreal route ?

Mr. SUTHERLAND: No. That was well surveyed and fully completed last year. Let the item stand, then.

The CHAIRMAN: Item stands.

Mr. POULIOT: Is the minister through for to-night—because I wish to be nice to him. He has been nice to me, and I do not wish to prevent him finishing his estimates.

Mr. SUTHERLAND: We will let it stand.

Mr. POULIOT: The minister is not going on?

Mr. SUTHERLAND: I have finished, with the exception of this vote.

Mr. POULIOT: What time is it?

The CHAIRMAN: I cannot see the clock.

Mr. POULIOT: I believe it is 11.30, and I ask for the adjournment of the house. We were supposed to adjourn at eleven o'clock and I now ask for the adjournment.

Mr. STEVENS: My hon. friend has overlooked the motion passed suspending the rules for yesterday and to-day.

Mr. NEILL: That was on the understanding that we were not to sit on Saturday. The decision has been made however to sit on Saturday.

Mr. MALCOLM: It will not be Saturday for at least half an hour.

The CHAIRMAN: The hon. member is quite right.

DEPARTMENT OF FISHERIES

Salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services, $1,022,000.

Mr. RALSTON: This item, Mr. Chairman, is as good as any to permit me to refer the Minister of Fisheries to the discussion that he and I have had during the last two weeks, particularly with regard to the lobster season in the western end of Nova Scotia. Possibly the committee will remember that last winter from December first to January fifteenth a special lobster fishing season was granted to the fishermen at the western end of Nova Scotia instead of unemployment relief. Hon. members can hardly realize what it means to be pulling lobster traps in open boats in December and January weather. Some of them fished from Seal island, eighteen miles out in the Atlantic ocean, and hon. members can imagine what that involved during that inclement season of the year. But in return for that concession they were penalized; their regular season which runs from March first to May thirty-first was cut by fifteen days. I objected to it at the time on the ground that it was not fair to make those men pay for their own unemployment relief. It simply meant they were being given an opportunity to get enough food for themselves and families, but this relief was charged back to them by cutting off two weeks from their spring season. They got something like eleven thousand hundredweight of lobsters, probably one-fourth or one-fifth of the regular catch, and owing to the stormy weather they lost quite a bit of their gear. Then in March they had to fit out again. It was probably one of the worst March months in many years, and several of the men hardly took a lobster during that month. Representations began to be made to me early in April for the restoration of the season to the end of May. These I forwarded to the minister, and he gave them consideration, but he advised me that nothing could be done until the first of May, by which time the returns would come in showing what kind of season the fishermen had had. The return disclosed that counting the winter season and the two months up to May first, they had caught something like 24,000 or 25,000 hundredweight, when the normal catch would be from 40,000 to 50,000 hundredweight or perhaps more. It was represented to the minister that these men had had a very hard time, having lost a great deal of their gear, and were just beginning to pay expenses when they had to cease fishing. Finally after a good deal of

discussion the minister extended the season until May twentieth; putting it the other way, he took only ten days off the spring season instead of fifteen as he planned when he gave the men their relief season last December. The minister objected to restoring the full season further, stating that representations had come to him that the price would go down if the request of the men were granted. Now I am informed that the lobster fishing is just really beginning, and if these men had ten days more during which to fish they would be able to make perhaps between $100 and $200 as a result of their total lobster fishing season. At the present time they hope they may be able to pay expenses up to May 20; that is all. I am told that the price has gone up five cents in the last three or four days of the season, just at the time when the minister was advised that the price would go down if the men were allowed to fish. I submit that these fishermen have not been given a fair deal. I know the minister has considered the matter carefully and that representations have been made to him by fishermen in the eastern section of the province against extending the season. But I contend that these men in western Nova Scotia were entitled to their own season, that they were not asking any special consideration. On behalf of the fishermen of the western section of Nova Scotia I protest most strongly against the way in which this matter has been handled. There has been talk about preserving the lobster fisheries, and that we would lose all our lobsters if these men were allowed to fish. As I told the minister the other night, I have a newspaper clipping in my office which indicates that away back in 1895 it was predicted that there would be no more lobsters around Cape Sable island, yet they have been fishing lobsters there ever since. The lobster crop has been up and down, and the theories that have been advanced about the depletion of the lobster have not been borne out. These men should be given a chance to live, and the regulations should be relaxed for their benefit. Again I protest as vigorously as I know how against the treatment of these men. The department has given all the other fishermen their full season, but these men have been cut off simply because of the fact that they had a relief season in December.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): I am sorry the hon. member for Antigonish-Guysborough is not in his seat, so that I might call on him to answer my hon. friend. He is aware that all the members from the eastern and northern parts of the province are strongly opposed to the extension of the season from the fifteenth to the end of May. As he has just said, the usual lobster fishing season in the western end of Nova Scotia runs from March first to the thirty-first of May. Last fall on account of a petition for a fall fishing season, we decided to authorize this from December first to January fifteenth, and as an offset close fishing this spring on May fifteenth instead of the end of the month. Unfortunately March, as stated by my hon. friend, was so stormy that a very small catch was made. The April catch has been reasonably good. We received petitions from the eastern and northern fishing areas asking us not to extend the season from the fifteenth to the end of May. According to our figures the catch this year has been as good as if not better than in previous years.

Mr. RALSTON: I know the minister wants to be fair, and I am sure he will acknowledge that the catch has been fair only if you count the catch taken in the special relief season. The catch in the regular season was only about half the normal catch.

Mr. DURANLEAU: That is so, but they had their catches during December and January, and there were many reasons why the season should not be extended for too long a period. In dealing with this matter we must take into consideration two things. One is the effect an extension of the season will have on the future of the fisheries. My hon. friend knows very well that we have to protect the fisheries and that is why, when the winter season is extended to include December and January, the spring season cannot be extended also. I am told that in 1921 the season in western Nova Scotia was extended, with the result that the fisheries were so badly depleted that conditions did not become reasonably normal until 1925. These are the facts.

The other question to be considered is the effect an extension will have on the other areas. The western area ships all its lobsters nine inches or more in length to United States markets. The live lobster business is the most paying branch of the industry on the different parts of the coast where it is carried on. In southeastern Nova Scotia the season this year opened on the 16th, and in the whole gulf of St. Lawrence division and down through the straits of Canso, to and including the most of Richmond county, the season opened about a week later. Each of these districts ships large quantities of live lobsters to Boston, as my hon. friend knows, and the

market conditions there are so bad that, with large supplies coming, the prices are likely to fall to such an extent that the fishermen will not make anything. We had requests some time ago for the extension of the season to May 31, but at the same time we had representations from Boston dealers and from the eastern and northern parts of the fisheries to the effect that prices in Boston would fall if this were done. In March, when western Nova Scotia was the only area shipping and the catches were very light, prices in Boston were from $40 to $50 per crate. Last week, when my hon. friend came to my office, with fairly large shipments going in from both eastern and western Nova Scotia, the price fell to $19, which does not make it a very paying proposition, and it was felt that the price would fall as low as $15. The Boston dealers are all counselling against an extension, as they say that because of economic conditions the market this year cannot absorb large quantities of lobsters. We are told that if these are shipped the prices are bound to fall to very low levels. One of the largest shippers of the gulf division who is now in Boston wired about two weeks ago saying it would be wholly unfair to the gulf division to extend the season in western Nova Scotia.

These facts are well known to my hon. friend, but even though everyone in northern and eastern sections protested we extended the season by about five days. I understood that every one was satisfied; we received no protests following that extension. Of course there was some protest from the eastern fishermen, but I understood that the western people were satisfied. I know my hon. friend is pleading the case of the fishermen of his constituency, but we must take into consideration also the interests of other parts of eastern Canada.

Mr. RHODES: Perhaps my hon. friend would permit me to say a word, because I understand it is the intention that we adjourn immediately.

Mr. RALSTON: I should like a word before we do adjourn.

Mr. RHODES: So far as I am concerned that will be quite satisfactory, but I think the hon. gentleman should have the full facts before him. I think the minister has made a very complete answer, but at that time I was in charge of this department and have knowledge of the facts. My experience, which goes back for perhaps thirty years, has taught me one thing: I have never known a period in any area when there was not an agitation, with some special reason assigned, for an extension or enlargement of the lobster fishing season. You can take that as axiomatic. So when I was approached with the request that this winter season be extended, let me say that one of the arguments they used in support of the request was that it would assist in the relief of unemployment, though that was by no means their strongest point. They wanted to share during a longer period of the year in the profitable Boston market. Having had the experience of which I have spoken, I said I would consider their request upon one condition, and that was that they should consent to a shortening of the summer season. So Mr. Cowie of the department was sent by me, as minister, to the province of Nova Scotia. He conferred with the fishing interests concerned, and in consideration of the extension of the winter season they agreed unanimously not to ask for an enlargement of the summer season.

Mr. RALSTON: Who agreed on behalf of the fishermen?

Mr. RHODES: I do not for one moment assert that Mr. Cowie saw each individual fisherman along the shore.

Mr. RALSTON: But who, on behalf of the fishermen of western Nova Scotia, made that agreement?

Mr. RHODES: I do not propose to be put through a catechism as to whether it was John Jones or William Smith, but I do say that I took pains to send Mr. Cowie to that section of the country, and he conferred with groups of fishermen and with those who were identified with the industry to a sufficient extent to get a proper expression of opinion representative of the views of the fishermen in the areas concernnd. They agreed that they would not ask for an extension.

I say I was at pains to have that course taken, because I knew very well that if they secured this extra six weeks during the winter season they would come along this summer and ask for an extension covering the same weeks as have obtained hitherto. Now, if you please, whatever the reason may be, here they are, and I am not finding fault with my hon. friend for pleading the cause of the fishermen. They want to have their cake and eat it. I say that the acting minister is to be commended, because of the special conditions obtaining, for extending the season for five days, but in doing that I think he went as far as he could be expected to go in the circumstances. We must remember that we must have regard for the interests of the fishermen not only in this particular area but throughout the whole of the maritime prov-

inces. All these men are shipping to the one market, and the seasons must be rotated so the advantage will be divided equally among the lobster fishermen along the various parts of the shore.

I hope my hon. friend the acting minister will forgive me for having taken up this time, but because of the knowledge I had of the incident I thought I should advise my hon. friend who I am sure wants the whole story.

The CHAIRMAN: It is moved that the committee rise and report progress.

Mr. RALSTON: I am in the hands of the committee, but surely I might say a word first.

Mr. BENNETT: We promised to rise at a reasonable time. The shorthand staff of this house is a little weary, and I had intended to move that the committee rise at 11.45. I think perhaps under the circumstances the hon. gentleman will realize that we cannot finish this item to-night, and in view of the work that has been done by the shorthand staff I think the committee had better rise.

Mr. RALSTON: I could finish in three minutes.

Mr. BENNETT: But could the item be finished?

Mr. RALSTON: I want to say to my hon. friend the former Minister of Fisheries that I do not know who was seen by his representative down there. I only know this, that the representations came to me very directly that there had been no agreement of any kind with regard to the six weeks' season, and I do not think that my hon. friend should really talk about an agreement under circumstances of this kind. The circumstances were these. The men needed something to see them through the winter, for they had had a very much more difficult time than usual. My hon. friend knows that the price of ground fish was very low and the market poor. These men had to have unemployment relief, and the government simply said to them, "You can go out and fish lobsters." They were allowed to go out and fish for six weeks, and now the minister says that there was a bargain whereby these men, under these conditions, were going to be precluded from asking, not for an extension, but merely for the regular season. Both the minister and the ex-minister have used the term extension. No one suggests an extension. The ex-minister declares that it had frequently been the practice of these men to request an extension, but I point out to him that this year all they are asking for is the regular season. I submit, therefore, that my hon. friend cannot talk about an agreement.

In the second place, with regard to the other people affected, may I ask how it is that this year my hon. friends happen to be so particular about the other people who are affected when every other year the season has been the same and there has been no suggestion of cutting ten days off the season in western Nova Scotia in order to accommodate someone else either on the north shore or in the east. This year ten days are cut off because, we are told, somebody else is going to be injured. As I said to the minister the other night, are you going to cut off ten days merely because someone else does not like the season? Of course the competitors in other sections would like to see the season shortened as much as possible. But the point is that the seasons are prescribed by order in council and have been for some time, and they do overlap. Now the packers and the Boston dealers saw their chance this year and they said, "We are not going to have an overlapping season. Ten days are cut off the fellows in western Nova Scotia and we will see to it that these ten days are kept off." That is not much of an argument, that someone else in some other part of the province wanted to see these men continue to be deprived of the ten days.

Thirdly, with regard to conservation. The Minister of Finance and I do not know a great deal about lobsters, although we were both born near the gulf shore. But I want to say to him—I think he will agree with me—that the lobster fishery has been going on there for a long time and it has taken more than ten days' fishing to destroy the industry. I think that all this solicitude about the conservation of lobsters down there at this particular time could well be left to the fishermen themselves, to the people who, after all, have to make their living out of the business. I do not think that we need be so anxious to do for them what they can do far better for themselves.

As to the price, the minister has not answered what I have said. According to a letter I have received from a director of the Maritime Fisheries Federation, the price has gone up—not down—five cents per pound in the last five days. That is in the face of all the representations which my hon. friend had from the Boston dealers, and I say to him again that the Boston dealers had better be left out of it and the fishermen given a chance for their lives, particularly at this time. I make this representation because letters have come to me with regard to the matter. If the minister has not yet received any com-

plaint, he will get my letter in the morning. One point more; I ask my hon. friend the ex-Minister of Fisheries: suppose there had been an agreement, even if there had been a signed bond that they would not ask for their regular season, what has he to say about the situation when we find the month of March practically a total blank? I have two letters, both written on March 29. I quote an extract from the first:

> Times are hard; the lobstermen have not been able to even set their traps yet, owing to the gales which have prevailed here since the first of March.

From the second letter I quote the following:

> The men here have only a few traps out, and as it is awful rough to-day, would imagine that very few of the traps will be left.

I submit, therefore, that the men were justified in asking that the minister maintain the season for the ten days. Questions of conservation, price and other people's views do not enter into the situation where not only the rights but the very living of the lobstermen of western Nova Scotia are concerned.

Progress reported.

On motion of Mr. Bennett the house adjourned at 11.55 p.m.

Saturday, May 21, 1932

The house met at eleven o'clock.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I desire to lay upon the table of the house order in council No. 1172 with respect to an advance to be made to the Saskatchewan Relief Commission.

MONTREAL HARBOUR COMMISSION

Hon. ALFRED DURANLEAU (Minister of Marine) moved for leave to introduce Bill No. 98, to amend the Montreal Harbour Commissioners' Act, 1894.

Mr. LAPOINTE: Explain.

Mr. DURANLEAU: The purpose of this proposed legislation is to vest in the crown all the properties of the Montreal harbour, not only those within the limits of the harbour but also those outside. Under 4 and 5, George V, chapter 42, all the properties of the harbour within its limits are vested in the crown. Harbour development in the last decade has obliged the harbour commissioners to extend their facilities beyond the official limits; for instance, the extension of elevator No. 3 which was built in 1928 is outside the boundaries of the harbour. We think it is an anomaly that the harbour facilities outside the boundaries should not be vested in the crown as the other properties are.

Mr. LAPOINTE: Do the boundaries include both shores of the St. Lawrence river?

Mr. DURANLEAU: We have not many facilities on the south shore; they are mostly on the north shore in Montreal.

Motion agreed to and bill read the first time.

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization) with unanimous consent moved that the house go into committee to consider the following proposed resolution:

> That the Soldier Settlement Act be amended to provide for the transfer to the province or municipality of any land which for two years preceding such transfer has not been the subject of a contract of sale; to authorize the director of soldier settlement to pay rates, taxes and assessments on lands not under contract of sale; and to enable the department to convey areas greater in extent than five acres for the purposes specified in section 29 of the act.

He said: His Excellency the Governor General having been made acquainted with the subject matter of this resolution recommends it to the favourable consideration of the house.

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

Mr. GORDON: Mr. Chairman, the purpose of this resolution is to enable the governor in council or the director of soldier settlement, as the case may be, to dispose of lands presently in the name of the director of soldier settlement which are unoccupied and vacant by transferring them to the provinces where the lands are in an unorganized territory, and where they are located in organized territory to transfer them, if deemed advisable, to the municipalities.

The question of vacant dominion lands has caused a good deal of difficulty throughout Canada, the municipalities having no power to assess them, and the director of soldier settlement having no legal right to pay the taxes. Fortunately the number of locations is decreasing each year, but it has been suggested by the director that this power should be vested in him, particularly as the provinces at the present time are endeavouring to place settlers from the urban centres upon the land.

This amendment to the act will facilitate such work.

Mr. ELLIOTT: Is this limited to vacant lands? It would not appear so from the resolution.

Mr. GORDON: It deals with lands that are not under a contract of sale, but have come back to the director.

Mr. SPEAKMAN: Will these lands be transferred without cost to the provinces in lieu of arrears of taxation?

Mr. GORDON: There may be tracts of land which will be turned over to the provinces for a consideration, but I think in the majority of cases the transfer to the provinces or to the municipalities will be for little or no consideration.

Mr. BOWMAN: But I presume only upon the request of the provinces or the municipalities?

Mr. GORDON: Yes.

Mr. REID: I commend the minister for the introduction of this resolution. It has been long sought in British Columbia with respect to the payment of taxes. I notice the concluding lines of the resolution read:

—and to enable the department to convey areas greater in extent than five acres—

And so on. In many of the municipalities in the lower Fraser valley the acreage is 4·9 —five acres with the road allowance taken off. There are many areas of that size in that section, and I should like to know if all lands will be included, no matter how small in area?

Mr. GORDON: The act empowers the director to sell portions of land up to five acres, but it has been found that in many cases it is desirable to sell a larger piece of land out of a location. The act is designed to vest the director with that authority.

Mr. REID: But with regard to the payment of taxes, all areas will be included irrespective of size?

Mr. GORDON: Yes.

Mr. SPEAKMAN: I assume from the wording of the resolution that the director is to be given discretion whether he will pay the taxes and still carry the land, or turn it over to the province or the municipality to be dealt with.

Mr. GORDON: That is the intention.

Mr. SANDERSON: If I am not out of order, Mr. Chairman, I would ask the minister if he has the information for me in regard to the 4,165 men who last year were put on the land in Ontario. I would remind him that this information was promised to me on April 22 last, then again on May 3, then again on May 11, but so far I have not received it. What progress if any, is he making in getting this information?

Mr. GORDON: Following the requests made by the hon. member, some time ago I asked the officers of the department to prepare a list of those placed upon farms segregated by counties. As I have explained already, the placing of people upon the land was not kept track of by counties, but by districts. This morning I received a partial list which I think will cover the majority of cases distributed by counties throughout Ontario. I do not think it would be desirable to lay upon the table a list of the names of those who were so placed. I think the reason for not doing this is obvious. Many of these men were working for small salaries, some for larger; there are men who had occupied different positions in life before going on farms with a desire to look after themselves. During the course of the day I shall give to the hon. member the list by counties, as it has been prepared, but I do not think the names of the individuals should be disclosed. With respect to those placed by the railway companies, I communicated with the companies and I shall be glad either to lay upon the table or show to the hon. member the reply I received. The companies do not keep track of the names by counties and they did not think it desirable to put their staffs to work to prepare this information.

Mr. SANDERSON: On May 11 the minister stated that it would not be possible for him to give me a list by counties, and I said I would not press that point if he would give me as much information as he had on the matter. The minister has stated that he has a back to the land policy and on April 22 he stated that during the last calendar or fiscal year he had placed 4,165 persons back on the land in the province of Ontario. Since that time I think I have been very patient in regard to the information promised to me by the minister on April 22. He now tells me this morning that he has not the names and he does not think it would be fair to give them. I cannot see why he should not give the names of those placed back on the land in the province of Ontario during the past year. I should prefer if the minister would be frank and candid with me and tell me that he does not want to supply the information

which he has volunteered to give not once, not twice but three times. Since April 22 he has been stating that he is getting this information for me. I do not like this process of stalling—I hope that is not unparliamentary—because I think any hon. member of this house is entitled to the information. Will the minister give me what information he has obtained after having his officials work on this matter since April 22? It is a simple request and the minister should tell me frankly either that he does not want to give me the information or that he has not the information. I am inclined to think that he has not got the information he said he had on April 22.

Mr. GORDON: Mr. Chairman, I resent the last statement made by the hon. member. I do not want to get into any acrimonious discussion with the hon. member on this matter, but I think it is obvious that it would not be in the public interest to give the names of people who heretofore have occupied probably prominent positions in urban life and who of their own volition—perhaps prompted by the efforts of our department—have gone on to the land in inferior and obscure positions. I do not propose to lay these names on the table of the house but I would be glad to show them to the sceptical hon. member. The information was not kept by counties but I have a list showing the distribution by counties and I shall be very glad to give it to the hon. member during the course of the day.

The CHAIRMAN: Shall the resolution carry?

Mr. SANDERSON: It is not carried yet.

Mr. CHAPLIN: Why not see the list?

Mr. SANDERSON: When I want the hon. member for Lincoln (Mr. Chaplin) to give me any advice, I will ask for it.

Mr. CHAPLIN: The hon. member needs a lot.

Mr. SANDERSON: When I do seek advice I will seek it from someone in whom I have confidence, and I do not think I have confidence in the hon. member for Lincoln.

Mr. CHAPLIN: The hon. member will never have confidence in anyone.

The CHAIRMAN: I think hon. members should come back to the resolution before the chair.

Mr. SANDERSON: The minister stated he resented my remarks. I am very sorry if he does, but I have no apology to tender. Since April 22 I have been seeking for information and the minister has not been frank with me. He has not been candid and has been stalling and bluffing along since April 22.

Some hon. MEMBERS: Order.

The CHAIRMAN: The hon. member is too old a parliamentarian not to know that that is not parliamentary.

Mr. SANDERSON: The minister has referred to me as being sceptical. I really think he has been bluffing.

The CHAIRMAN: Order.

Mr. STEVENS: That is out of order.

Mr. SANDERSON: If the minister expects me to do what he suggested, to go down to his office and make out a list, I am afraid I must disappoint him. He promised to give me the information I asked for and I do not think he has any intention of giving it to me.

Mr. GARDINER: During the discussion which has just taken place between the minister and the hon. member for South Perth (Mr. Sanderson) the minister made a remark which I think should not be allowed to pass unnoticed. For some time this house has been regaled with an outline of the efforts of the department to get people back on the land. The hon. member asked the minister for the names of those who had gone back to the land in certain counties and the minister replied that he would not like to give the names because of the fact that many people from the urban centres who had occupied good positions had gone back to the land to inferior positions. I do not think that that statement should pass unchallenged because if the policy of the government is to put people back on the land, surely it cannot expect the people to go back to inferior positions.

Mr. BRADETTE: Apparently this resolution is intended to help the municipalities in the organized and unorganized districts to collect taxation. Undeeded land in the province of Ontario, land which has reverted to the province or to the crown has never paid taxes to the school sections in the unorganized districts or to the municipalities that are organized. The province never paid taxes either to school sections in unorganized districts or in organized municipalities. This is an anomaly from which we have suffered for many years, particularly in northern Ontario—I do not know about southern Ontario. Under this legislation, with respect to any lands that may revert to the province, will the province see that the taxes are paid to the school sections and also to the municipalities?

Mr. GORDON: This house has no jurisdiction whatever over lands that may revert to the provinces. This legislation refers only to lands that presently stand in the name of the director of soldier settlement. I am very well acquainted with the difficulty the hon. member refers to, and it is a difficulty, particularly in those sections of Canada and in northern Ontario where lands are alienated from the crown, subsequently reverting to the crown after the organization of school sections and the other paraphernalia of municipal government. Unfortunately we have no authority to deal with matters of that kind under this legislation.

Mr. CAYLEY: Will this enable the municipalities to collect back taxes?

Mr. GORDON: No.

Mr. VALLANCE: With regard to insurance placed by the soldier settlement board on soldiers' property, the policy of the late government, and, I think, of this government until quite recently, was that any member of an insurance company who was a returned man should have the preference in placing insurance with that company. It seems that the policy has been changed. Has the matter been brought to the attention of the minister? In the city of Saskatoon there are some firms with whom the soldier settlement board has been placing insurance right up until quite recently, and now they are denied the right of this business which heretofore has been theirs. Will the minister give some explanation, if there is one, of the situation in Saskatoon at the present time with reference to insurance?

Mr. GORDON: It would be difficult for me to answer that question without having had some notice that I was going to be interrogated in that regard. Wherever there are available returned soldiers in the insurance business, I think it would be highly desirable that they should be preferred in the placing of fire insurance policies. I do know of one case where in 1926, I think, the insurance was taken away from a firm composed of returned soldiers and given to another firm who were not returned men That is only one illustration, however. It would be impossible for me to cover the whole field without having had notice that the question would be asked. If the hon. member would like to see the list of insurance agents with whom policies are placed, I should be glad to place it at his disposal.

Mr. VALLANCE: I would suggest that the minister investigate the situation in Saskatoon.

[Mr. Bradette.]

Mr. DONNELLY: What is the policy in regard to the payment by the government of taxes on land that has been sold to soldiers, the taxes not being paid either by the department or by the soldiers? Schools have been built and telephone lines constructed, and debentures have been issued and the lands all assessed. Some of the soldiers are still living on these lands and the taxes are not being paid. What is the government's policy in that regard?

Mr. GORDON: As the hon. member knows, lands held by the crown in the right of the province or of the dominion are not subject to municipal taxation. The policy of the department with respect to the payment of taxes can probably be best put in this way. Under the terms of the legislation as it now stands, with respect to land occupied in the manner defined by the act, the director of soldier settlement, in his judgment, has the right to pay and as a matter of fact in a large number of cases does pay, these taxes from time to time. The taxes on other lands are in somewhat difficult position, and as will be observed, the resolution now before the committee will, in a measure, remedy the situation that has existed heretofore. The hon. member probably knows that an arrangement was entered into about April 1, 1930, whereby taxes were paid on all land. The legality of that course was questioned at the time by the Department of Justice and this legislation will, in a measure, correct the situation, giving to the director those powers that will be indicated in the bill when it comes down. This bill was the subject of a number of conferences between the soldiers' representatives and the provinces and municipalities, and it is with the desire to assist throughout Canada—not in any one province—those municipalities that find themselves in the position indicated by the hon. member, that this legislation is proposed.

Mr. SPEAKMAN: I wish to ask the minister two questions, one with respect to the position of civilian settlers under the board and the other with reference to certain rental leases on the third crop share basis. That would come more properly under the estimates when they are before the house, and I assume that I shall have the opportunity then to bring the matter up.

Resolution reported, read the second time and concurred in. Mr. Gordon thereupon moved for leave to introduce Bill No. 100 to amend the Soldier Settlement Act.

Motion agreed to and bill read the first time.

SUPPLY

DEPARTMENT OF FISHERIES

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

Department of Fisheries—salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services, $1,022,000.

Mr. NEILL: This vote, which is a very large one and, indeed, the largest one in fisheries estimates, reflects the activities of the department or what might be called the active efforts towards conservation of the industry, the work actually done in the field as compared with the overhead expenses of the clerical staff. I am glad to see that the cut in this estimate has been less than that in many others, and while on account of the increasing demand made by the growing necessities of the industry, we regret to see this item cut at all, we realize we must make sacrifices in this branch along with others of the government. We have been told very often, and quite properly so, by the Prime Minister how under present economic conditions expenses must be cut and cut to a very great extent. We see that recorded in the slashing of the estimates by many millions of dollars. Some of us perhaps think the slashing has gone to the point where it has ceased to be economical and has become almost wasteful inasmuch as a penny saved is sometimes a pound lost later on. But we must recognize the fact that where economy can be practised with any regard for efficiency, it must be done.

I wish to say a few words by way of suggesting a method whereby the minister in this case can make a very considerable saving in expenditure without, I think, lessening in the least the efficiency of the service to be carried out; in fact, I think it would increase the efficiency of the service. I refer to the expenditures in connection with the Vancouver office of the Department of Fisheries. I am comparing this with the Nova Scotia office, and I think the comparison is a good one. Conditions are not exactly similar, but the activities are very much the same. In Nova Scotia they have five district supervisors; in British Columbia, while technically they have only three, let us say they have four. In Nova Scotia the number of inspectors is thirty-three, while in British Columbia it is thirty-two, but I notice that the expenditure for the thirty-two is very much less than for the thirty-three in Nova Scotia. This bears out what I have always maintained, namely that the inspectors in British Columbia, taking into consideration the work and responsibility involved, are underpaid. As regards the special guardians, they are not enumerated in the Auditor General's report, but the amount expended on them is given and we can gauge by the amount expended some idea of the work carried on. In Nova Scotia in the last year of which the Auditor General's report has record, there was spent for special guardians $56,669, and in British Columbia only $28,714, or just about one-half. So the situation is this: Nova Scotia has more supervisors, more inspectors and apparently double the number of special guardians, if we gauge it by the expenditure on them. That represents the work done on the ground where we get dollar value for every dollar expended, money actually spent in the work of an official in the district.

The situation is very different when we come to the cost of the clerical end of the office. In Nova Scotia the number on the staff is fourteen, in British Columbia it is twenty-four, or an increase of 70 per cent. In Nova Scotia the cost of the staff is $15,717, and in British Columbia it is $31,509, or an increase of 106 per cent, showing that in the Vancouver office they are paying not only more people but higher salaries than in the Nova Scotia office. Then there are a couple of odd items under the heads of "disbursements" and "various"; they apply to both districts. The disbursements, being what the name would indicate, that is odd payments, amount in Nova Scotia to $3,099, while in British Columbia they are more than double, or $6,491. In the case of "various," which again indicates the nature of the expenditure, the amount spent in Nova Scotia was $3,327 and in British Columbia, $12,448, or nearly four times as much, making the total cost in Nova Scotia of the clerical staff at the head office, $22,143, and in British Columbia, $50,448, or something like 140 per cent greater.

By analyzing the figures in the Auditor General's report, because that is where I get my information, we find that the increased cost in British Columbia is due to three things: first, a much bigger salary paid to the chief supervisor; second, lavish expenditure on those items of "disbursements" and "various," and, third, too large a staff, or at least many more than in Nova Scotia. Let us compare the total costs of the work on the ground. The three items I have enumerated, namely, district supervisors, inspectors and guardians cost in Nova Scotia a grand total of $152,782, and in the expenditure of that sum they spent

clerically $22,143. In British Columbia the total expenditure on the items of district supervisors, inspectors and guardians is only $117,360; but they expended, in overseeing that expenditure, $50,448. Therefore, British Columbia spent on actual work nearly one-third less than that spent in Nova Scotia while it cost twice as much to take care of the spending. Let me put this in another way. In Nova Scotia each dollar spent in the office means an expenditure of $6.89 in the field. In British Columbia each dollar spent in the office means an expenditure of only $2.30 in the field. Note the difference. Let me put it on a percentage basis. In Nova Scotia on a field expenditure of, in round figures, $153,000, it cost 14 per cent additional to spend that sum, not 14 per cent of that expenditure, but 14 per cent more. In British Columbia, on a field expenditure of $117,000, it cost 43 per cent more to spend it. There is a great disparity between that and 14 per cent.

Take a line of expenditure very often criticized, and quite unjustly, namely, the pension department of the government; it is often said this branch is over-run with red tape officials. But its expenditure in administering the enormous amount spent on hospitals and so forth runs only to 3·607 per cent.

I wish to ask the minister and the committee: What are we getting for this expenditure of $50,000 on the Vancouver office? I can tell the minister one thing, and that is we are not getting $50,000 worth of results. A great deal of this money is spent in red tape. This is the procedure: let us begin at the very bottom. There is a fishery guardian out in the district seeing that there is no poaching over perhaps one biggish river, if it is in an isolated place, or if there are two or three creeks or small rivers close enough so that he can get around them, then he may have charge of half a dozen of those little rivers or creeks. If anything goes wrong or he wants further authority, he reports to the district inspector who has from ten to thirty guardians under him covering an area of thirty to fifty square miles. Then the district inspector reports to the district supervisor. There are three or four of them at strategic points in the province. He reports to the division supervisor in Vancouver, at this office the cost of which I am criticizing, and in turn the supervisor reports to Ottawa, where there are two heads, two competent men, one for the east and one for the west. They in turn report to the deputy, and presumably the deputy reports to the minister. I may say just here that these men who are called eastern and western heads are thoroughly familiar with conditions in the east and west; they have been over almost every mile of the territory. The deputy minister also has a good working knowledge of the different areas and different matters involved. Then when the decision is given by the minister, this same process is slowly and painfully reversed, and finally it drifts back to the man in the field. The process is cumbersome and tends to produce delay, and in fishery matters which are often a question of hours, delay produces inefficiency.

My suggestion is that we wipe out the Vancouver office and save about $35,000. I said that the cost was $50,000, but I realize that we could not save that whole amount. Some of these expenses would have to be carried on; for instance, telegrams would have to be paid for, and presumably a little more clerical help would be needed here, and I would suggest that we pay better salaries to these district inspectors, who are greatly underpaid. A few years ago I knew of one of these men, who had a great deal of responsibility, who was not getting a salary as large as that paid the engineer working under him. These men must have sound judgment, and sometimes they are subject to extreme temptation. I do not suggest that this is the case now, but many years ago I recall that one of these men gave a decision permitting some person to do such and such a thing for three days. And then he disappeared for three days so that the head office could not get at him, and I believe it was made well worth his while to disappear for that time. This is a fine body of men and they are not being paid enough for the responsibilities they must carry. We could pay these men better salaries and still save a great deal of money in connection with that office. We would still have the fisheries guardian reporting to the district inspector, who would report to the district supervisor. These three men are familiar with local conditions, and their opinions would be sent direct to the division head here in Ottawa, who is also familiar with those conditions and who would forward them to the deputy. Surely that is enough, three men in British Columbia and two in Ottawa familiar with the problems which may arise in that area.

We hear a great deal about economy, and as I have said some of it is unwise. Here is an opportunity to save money and at the same time promote efficiency. The business men—and I am talking principally about the canner, by which I mean more than the man who just cans fish; I refer also to the man

who buys, sells or packs fish—wants three things particularly from the department. First he wants efficiency, then he wants speed and in the third place he wants economy, though he is not so keen on that because the cost does not come directly out of his own pocket. Efficiency and speed are very material to him, and here is an opportunity to improve both, at the same time effecting economy to the extent of something like $35,000. The minister is here in a dual capacity; he is also Minister of Marine. Perhaps if we saved this $35,000 he would not have to cut by ten per cent the men drawing the miserable salary of $65 a month on marine boats. Let us economize in the right places, and then we will not have to scrimp ten per cent from a married man getting only $65 a month.

I should like to make the suggestion that we save the cost of this office. Why is it necessary in British Columbia to spend this $50,000 every year to supervise an expenditure of only $117,000, when in Nova Scotia we only spend $22,000 on an expenditure of $153,000? In all courtesy I might say my brother members from Nova Scotia have not the record of being unwilling to spend government money when they get the chance. Nova Scotia is always willing to milk the federal cow when the opportunity offers, so I suggest that when it comes to economy we in British Columbia should be at least on a par with them.

Mr. VENIOT: I object to that reference to Nova Scotia.

Mr. NEILL: I should like the minister to give to us an explanation of the great difference in cost as between the two offices.

Mr. DURANLEAU: My hon. friend has based his whole argument on a comparison of the administration of the fisheries in the eastern provinces as against British Columbia. I do not think the base of his argument is very sound, in the first place because there is a great difference between the fisheries in the east and in the west, and also because geographical conditions make a very great difference. It is really impossible to make any proper comparison between the Atlantic and Pacific coasts. For instance, the sea fisheries on the Atlantic coast, which produce nearly one-half of the product of the fisheries, in value, need no supervision on the sea. On the other hand all the fisheries on the Pacific coast, with the exception of the halibut and black cod fisheries which make up less than ten per cent, of the total, need close supervision and administration.

That is one reason for the difference. Again, all along the coast and rivers of the maritime provinces there are good roads, so that a great deal of the work can be done more economically from land. Hence the cost of our land service there, made up of supervisors, inspectors and guardians, is relatively large. On the other hand there are practically no coastal roads in British Columbia, so the work has to be done mainly by boat, though necessarily there is a large amount of work to be done in protecting the spawning salmon in interior waters. Hence the cost of the land service in British Columbia is relatively small as compared with that in the maritime provinces, while the cost of the boat patrol service is very much larger.

I have some figures for the year 1930-31 which will clarify this point. I do not like to give too many figures, but I think in fairness to the committee and to my department I should place this statement on Hansard. For supervisors and inspectors the expense by provinces was as follows:—

Prince Edward Island	$ 21,459
Nova Scotia	118,268
New Brunswick	63,642
British Columbia	138,093

Now take the cost of the guardians:

Prince Edward Island	$ 4,667
Nova Scotia	56,669
New Brunswick	42,779
British Columbia	28,714

I give these figures to show the committee that the argument of my hon. friend is not sound, because in some parts of the country we must spend more money on certain branches of administration, because of geographical conditions or for other special reasons, than we spend in other parts of the country. My hon. friend has directed his criticism principally against the head office in Vancouver, and he has given $50,000 as the cost of that office. I think my hon. friend is mistaken; he must have taken the figures for the whole district. I have here the cost of the main office in Vancouver, and if you compare this with the expenses of the eastern division you will not find very much difference. Take salaries, for example; in Vancouver they amount to $27,960. Deducting ten per cent leaves about $25,000 for salaries. The whole amount is $23,419, and for the eastern division the amount for salaries is $21,660; so the difference is not very large. In the west the amount to be expended for contingencies is $8,000, including telegrams, telephone calls, freight, cartage and so forth, and in the east contingencies amount to $2,500. I repeat, Mr. Chairman, that these expenses are not incurred simply for the pleasure of incurring them. We have to incur them on account of geographical considerations and because of the difference in the

fisheries as between east and west. I do not think much can be said against the expenses of the head office at Vancouver. We have there a chief supervisor, one district supervisor, one accountant, grade 2; two principal clerks, one collector of fish revenue, one clerk, grade 4, one clerk, grade 2; three stenographers, grade 2; one typist, grade 2; one messenger, one stenographer, grade 2 who is employed temporarily during only seven months of the year. My hon. friend will see by the last item that we are trying to cut expenses as much as possible because someone in the head office is employing a stenographer during the rush season only, for seven months. So I do not think my hon. friend's criticism is very fair under the circumstances. My hon. friend, however, has offered some suggestions, and I am always glad to get suggestions from him because I know that he has had a large experience in these matters. But anything that is acceptable will be studied by my department and if anything can be done to reduce the expenses we shall do it, but I am told that in the past we have done our best. If my hon. friend has any complaint to make against a particular employee I should like to hear it.

Mr. NEILL: No, I have not.

Mr. DURANLEAU: I am told that the employees that I have just enumerated, and whose salaries amount to about $25,000, are absolutely necessary for the good administration of the fisheries in the west.

Mr. NEILL: I had anticipated, of course, that some defence would be put up and I was curious to know what it could be and what it would be, but I certainly did not anticipate such a lame reply as I have received.

To begin with, I would say in reply to the minister's last remark, asking if I had any complaint to make against any particular employee, that I have none whatever. I am not acquainted with the personnel of the office, except the head of it, and I would regret to see in these hard times any man or woman lose his position through curtailment of expenses, although many people in Ottawa have had to lose their positions. If the office was wiped out, I would suggest that provision be made to try to take these people on in other branches of the service either here or elsewhere.

As regards the criticism of my comparison, the minister says that my argument is not sound. He says that the fish in British Columbia waters are different from the fish in Atlantic waters. I admit that, but I was not dealing with fish. I was dealing with the clerical expenses of an office. It does not cost any more to take care of a salmon than of a cod. As to the argument that there are different geographical considerations, that there are roads in Nova Scotia and the employees there can travel over the roads, I would point out that the people to whom I am referring are engaged in clerical work in the head office at Vancouver, and whether there are trails or roads makes absolutely no difference because their work is done in the office, and the roads do not affect the cost of their work one particle. I grant that where the local guardian has to travel, that would add to his expenses, but that has no relation whatever to the cost of the clerical assistance in the head office.

The minister also says that in British Columbia we have a sea patrol. Yes, we have, and it is an expensive one and I have much pleasure in saying that it is also an efficient one. But that has no bearing on this vote. The minister would almost imply that that made the cost of the office in Vancouver more expensive, but as he very well knows, or ought to know, there is another vote entirely that covers the cost of the patrol port. So that has no bearing on the subject whatever.

Again, the minister says that he will show the difference in cost, and he quotes figures which with one exception are a duplicate of my own figures. He says, with an air of backing up his own argument and opposing mine, that in Nova Scotia the guardians cost $56,000 and in British Columbia $28,000. That just confirms my argument. That Nova Scotia can take care of $50,000 of guardians' work at such a low percentage of cost as fourteen per cent, while British Columbia with an expenditure for guardians of only $28,000 requires 43 per cent, just confirms my argument and does not combat it in the least.

But the minister did combat my figures in one respect. He said that I had put too much into the Vancouver office, and he quoted the figures, and I noted one figure that he omitted. He gave the total as $28,000, and my figure was $31,960, and the minister said that I was wrong. But he forgot to put in the salary of the chief supervisor, who is essentially the head of the Vancouver office. If he adds to the figures he gave, the $3,960 which the chief supervisor gets, he arrives at exactly the same figure that I gave for salaries alone. Then the minister enumerated some of the employees. I am not going to go into details. I cannot say that this man or that man is not necessary. It would be invidious and unfair for me to do so because I do not know them. I have no doubt that every man and every

woman according to their lights are doing the work for which they are paid, but I am saying that on the principle of economy and efficiency the whole office at Vancouver could be wiped out.

Let me give an illustration, a precedent, a Dominion government precedent for the minister if he likes. Many years ago I was an Indian agent out there on that same coast with the same geographical conditions, only they were worse then than they are now, and when I wanted to buy five dollars' worth of stamps at government expense, I had to make out elaborate vouchers in quadruplicate, and send them to the head office, which was very much like this Vancouver one, although it was situated in Victoria. Then the head office man wrote back to Indian Agent Neill and said that he had received his letter enclosing vouchers, which he had forwarded to Ottawa. That took some time. Later on the Ottawa office wrote to the man in Victoria, "You can instruct Indian Agent Neill to buy five dollars' worth of stamps." There was more correspondence. The cheque followed the same devious course. As Indian agent I was familiar with the ground and knew the circumstances, and nine times out of ten my advice was taken and had to be taken. I forwarded my recommendations to Victoria and they went the usual rounds again. Finally I cut out those formalities and did what I thought ought to be done, and by the time I was due for a vote of censure, the incident was too far back for anything to be done about it. But suddenly some man with some idea of efficiency said "All this is unnecessary. What is the sense of it?" The office in Victoria was closed and the agents communicated direct with Ottawa. I would suggest to the minister that the whole head office in British Columbia could be dispensed with at a great saving of expense and with no loss of efficiency on the grounds I have mentioned.

Then I buttressed it with the fact that in Nova Scotia, where, I may say, they are wholly alive to their opportunities with respect to spending money—the hon. member for Gloucester (Mr. Veniot) will allow me to say that?

Mr. VENIOT: That is fair.

Mr. NEILL: I do not blame them; I would do the same. But when they can do it so cheaply, there is no reason why it should not be done in British Columbia. I would wipe the whole thing out. Pay the inspectors better money and they will rise to their responsibilities. Give them more work and pay them—that is a good business principle—and save from thirty to thirty-five thousand dollars.

Mr. VENIOT: When we were dealing with oyster culture I brought up a question which I think I am in order in bringing up again under item 171.

The CHAIRMAN: Item 176 covers oyster culture.

Mr. VENIOT: I know, but 171 also covers it to some extent because it has to do with the salaries of guardians who are employed in this line of industry. On that occasion I brought up the question of containers or barrels for oysters. Under its new regulations the department has specified that oysters shall be packed in a certain way. Designs for the container or barrel have been submitted to the department. Under the ways and means bill before the house the sales tax has been increased from four to six cents, and if the department is going to insist upon a costly container being adopted it will be an injustice to the fishermen. Has the department made up its mind with respect to what design of container it will impose upon the oyster fishermen?

Mr. DURANLEAU: A regulation was adopted in 1931 as to the dimensions of oyster containers. This was done, I am told, after consultation between the officials of the department and the fishermen and others engaged in the industry in the east. But since then representations have been made against the cost of those containers, and my deputy tells me that at the present time he is communicating with the interested parties in order to come to some agreement on the matter.

Mr. VENIOT: I thank the minister for the information. Let me now draw this to his attention. When deciding on the design of the container, in the name of conscience do not leave it to those interested in the manufacture of containers to say what shall be adopted; and be careful that the price does not exceed, to any great extent at least, the price at which our oystermen have been buying their containers in the past. Why should there be a special design of container for the shipment of oysters any more than for the shipment of anything else? Why should regulations be adopted which impose that extra duty upon the oyster fishermen as well as upon the oyster exporters? An oyster

is just as sweet in its flavour when packed in an apple barrel as it is in a barrel that costs $1.50. I would prefer to have oysters shipped in boxes rather than in barrels, and I think if the fishermen were consulted and a reasonably sized box could be decided upon, it would be more satisfactory than the barrel. For the past few years our oyster fishery has been going down somewhat, and if you impose extra burdens upon the fishermen you are certainly not going to do them any good. I fear that these extra burdens may drive some of our fishermen, not all, into violations of the law by fishing out of season in order to make up the extra cost brought about by the imposition of the department's regulations during the open season. I wish the department would go very fully into this matter before adopting a design on which the fishermen will have to pay a sales tax and which will impose on them extra burdens.

Mr. DURANLEAU: My hon. friend will admit that we must have a minimum size container in order to protect the trade. People want to know what they are getting.

Mr. VENIOT: They will not know any better if the oysters are packed in a $1.50 barrel than if in a 75-cent barrel.

Mr. DURANLEAU: No doubt; but we must have a standard size of container for the protection of trade. We are as much concerned as my hon. friend to minimize as much as possible the expenses to be incurred by the fishermen in packing their oysters. To-day we are studying the suggestion made—now repeated by my hon. friend—to put oysters in boxes as well as barrels. I can assure him that the interests of the manufacturer of boxes or barrels will not prevail; we are looking after the interests of the fishermen themselves and the protection of the industry.

Mr. RALSTON: Under this item there are two or three matters which I wish to bring to the minister's attention. I submit to him that it does seem as if we have not yet realized the importance of the fishing industry in the province from which I come and the necessity for more careful consideration being given to the interests of those engaged in it. Let me point out what was done soon after this government came into power. A firm of engineers was employed to make a report in connection with the marketing of Canadian fish and fish products, based on a general survey of the industry. That had already been done two years before by a commission which investigated the maritime fisheries—a commission which I think all members regard as being thoroughly competent to deal with the question. Nevertheless my hon. friend felt that he wanted a fresh view on the matter and he employed this firm to make a report. The newspaper notices intimated very clearly that something would come from this which would be of great advantage to the fishing communities, but when the report did come down, with all due respect to the gentlemen who made it I think the minister and the department generally felt that in so far as it proposed practical means of assisting the fishermen it turned out to be practically a dud. The report dealt with information which was already in the hands of the department; I am sure the competent departmental officers had collated it long before, and I am sure the department already had full access to practically all the information which was gathered by that firm at some considerable cost to the country. I do not say a word against the firm; I understand they are a reputable firm of engineers, though I do not know them at all. I feel, however, that this effort on the part of the present Minister of Finance to get a new viewpoint in connection with the fisheries, did not result in any real accomplishment.

Let me give my hon. friend an example. The report has been laid on the table of the house, though I have never had an opportunity of reading it. The report is very long and no copies were printed, but the minister prepared a summary, and just to give an idea of how practical it is in connection with the marketing of fish, let me read the headline recommendation at page 80 of the summary:

> That the Minister of Fisheries consider the announcement of a fiscal policy with respect to fisheries, and all industries and trades dependent thereon, based upon the following principles:
>
> (a) That the government refrain from levying any taxation—other than that which applies to all industries and groups—particularly directed to those engaged in the production, processing and marketing of fish, until such time as the industry has attained a reasonably prosperous and self-reliant status.

I cannot suggest a more futile or more meaningless recommendation. I never heard and I cannot conceive that the former minister, the present minister or the government as a whole intended to levy any special tax upon the fishing industry, yet the first recommendation is that the government refrain from doing so. I do not think it needed a firm of engineers or a commission to make a recommendation of that kind. What they mean I do not know, I am sure. I am not going through all the recommendations contained in the report.

Mr. NEILL: The second recommendation is a good one.

Mr. RALSTON: It is this:

(b) That consideration be given, subject to unsurmountable constitutional or other obstacles, if any, to the ultimate withdrawal—within a specified period, announced in advance—of the fishing bounty, except any that the government may decide to apply to destructive species, and that the sum so released be devoted by the department to assist in the execution of educational and other measures directed toward the permanent improvement of the industry.

Mr. NEILL: That is the only good thing in the report.

Mr. RALSTON: I want to give the government credit for efforts along educational lines in connection with the fisheries but in doing so I am paying a lefthanded compliment to their predecessors in office also. Educational work in connection with the fisheries has been carried on by both governments, and a great deal has been done in that respect. I believe we are all convinced that this is one way in which we can assist the fishing industry, but I do not think it needed any recommendation from a commission to establish that fact, and I do not think the assistance which will result from the withdrawal of the bounty will mean a great addition to the funds available for that purpose.

Mr. MacDONALD (Cape Breton South): You would not be in favour of withdrawing the bounty?

Mr. RALSTON: No. Then the recommendations go on to deal with the fisheries conservation policy, with which I dealt last night in connection with lobsters. A sort of lefthanded recommendation is made in connection with the trawler in paragraph 2 (b):

That, in general, conservation policy shall be directed to restriction of seasons, locations, and of licences—partly as a means of securing adherence to and respect for regulations—but not of the gear or equipment used. Only such reasonable and effective regulation shall be exercised, in the latter instance, which may prevent uneconomic destruction of the species, or any serious deterrent to the quality of the fish caught.

I suppose there are more teeth in that recommendation than in any of the others, though they are well veiled and covered up. At least that is a direct recommendation against restrictions on trawlers. The next paragraph has to do with the classification of information, and the following paragraph states solemnly that the Department of Trade and Commerce shall consult with the officials of the Department of Marine and the Department of Fisheries in connection with the information thus made available in order to initiate discussions with the various steamship companies operating from or to Canadian ports in reference to the adjustment or improvement of their services, schedules or facilities. I hardly think it was necessary to recommend consultation between various departments of the government and I venture to say that these officials have discussed many times with the steamship and railway companies the question of rates on fish and the cost of transportation. Then there is a reference to the sockeye salmon treaty, and in paragraph 5 the biological board is urged to direct greater concentration upon the solution of practical problems of fishery research. Paragraph 6 is as follows:

That consideration be given by the minister to the advisability of a reference to the Board of Railway Commissioners for Canada of the whole question of railway rates and tariffs respecting freight and express shipments of fish and fish products . . .

That question has been before the board more than once on applications by individual shippers. So far as I know there has been no case prepared or reference made by the minister, and it seems to me that if this recommendation had been really intended to mean something it should have been positively to the effect that a reference be made to the Board of Railway Commissioners with regard to this very important matter of the cost of transporting fish instead of gently suggesting consideration of the advisability of a reference. I do not think anything has been done in that connection at all.

The next paragraph suggests that the Canadian Fisheries Association be broadened in scope, and the following paragraph suggests that the Department of Fisheries conduct a campaign of education, as previously mentioned. Paragraph 9 recommends that the information collected be made available to the trade. Paragraph 10 suggests that encouragement be given to the formation of a lobster canners' association, and in paragraph 11 it is suggested that the biological board be requested to carry on experiments with a view to developing small fish reduction units suitable for establishment in the less important fishing centres. Units of this kind were established years ago; I do not think that is any new policy at all, and obviously this would meet only a small part of the real problems of the fishermen. Paragraph 12 recommends that every effort be made to extend the degree of diversification practised in the curing industry, and in paragraph 13 it is suggested that

means be sought for reducing the number of brands of canned salmon. Paragraph 14 states:

> That encouragement should be given to fishermen's cooperative unions for the purpose of obtaining their supplies cheaply and of improving their standards of production.

Everyone is trying to do that. Paragraph 15 states:

> That overlapping of the inspection acts . . . should be adjusted; that inspection service by the proper authorities should be extended to cover fish reduction plants and retail stores . . .

and so on. Paragraph 16 suggests the employment of express rather than freight for the shipment of fresh fish. That is the report in connection with our fisheries, made by a so-called expert commission. Does anyone wonder why I suggest that so far as any actual help to the fisheries is concerned the report is practically a dud, because I believe whatever it contains of importance already has been taken up by the department, and whatever is contained in the report that is not important was not worth appointing a commission to find out. My hon. friend from Comox-Alberni (Mr. Neill) has given me the proper word for the report, and I thank him for it; the report is one of platitudes.

I should like to say just a word with regard to the matter of taxation, the first point mentioned in the report. The other night there was a discussion in connection with the sales tax on salt; a good deal was said to the effect that fishermen should use Canadian salt, and that the government was quite right in imposing a 6 per cent sales tax on salt imported into Canada. Since then I have found that there are 380 men engaged in the whole salt industry in Canada, including the part of the country from which you and I come, Mr. Chairman. I think probably the minister has a report dealing with Canadian salt in connection with our fisheries, and I doubt very much whether it unreservedly supports the ideas expressed by my hon. friend the Minister of Finance with regard to the usability of that salt in the operations of the fishing industry. As a matter of fact the situation is just this: I have talked with those engaged in the fishing industry in my own constituency and I myself did everything in my power to assist Mr. Chambers, in connection with Malagash salt. I endeavoured to get packers and fishermen down there interested in it, and it was with difficulty that they were induced to take it up. So far as its use in connection with their fish was concerned, I am bound to say that the reports were not too satisfactory. My hon. friend knows what the difficulties are. Mr. Chambers tried to do all he could to meet them, but the unfortunate situation remains. The hon. member for Antigonish-Guysborough (Mr. Duff) knows more about the fishing industry than I ever hope to know, and the other night he said that it had not proved satisfactory to the industry. What is the use, under the guise of helping the fishermen, of trying to force them to use material that they consider is not satisfactory, and imposing this six per cent tax on them in connection with salt, which is one of the basic materials they use in their industry? In addition to that, there is a three per cent excise tax, but at the moment I am discussing the sales tax. Salt was always free of sales tax. The Minister of Fisheries suggested that most of the fish is exported anyway and that a rebate could be obtained. Let me give him an illustration and ask him how the fishermen can really get a rebate in connection with salt used on their fish. The fish are placed in butts into a salt pickle. Some of the fish is taken out and made into dried fish for use partly in Canada, and some of it is sent green to the United States. How will anyone tell how much salt is used in connection with exported fish and therefore how much of it is entitled to the rebate? The fish is sold, perhaps, to a jobber in Canada, part of it finding its way to the domestic market, some of it in this part of the country but most of it in the eastern provinces, and a portion is sent to the United States. It is simply impossible, therefore, to tell what proportion of it is entitled to the rebate, and this is merely the imposition of an irritating tax from which the fishermen gets no benefit whatever. Who pays? There is only one man who pays, and that is the fisherman. The minister might say, "But you do not take the tax on a pound of salt and deduct it from the price of the fish." Supposing the dealer pays a cent or a cent and a quarter or a cent and a half a pound, he does not take a fraction of a cent per pound off for the salt. What he will probably do is this: he says, "we have to reduce the price of fish at a certain time to meet market conditions." And the reduction comes three or four days earlier than it otherwise would in order to take care of the sales tax on the salt, and the fisherman pays it. If there is to be an increase in the price of fish, it comes later, that is what takes place, and the fisherman pays the difference. In common with the others who spoke the other night, I protest that this government is not even carrying out

the spirit of the first paragraph of the report, and are certainly not helping the industry by putting on that sales tax.

With respect to coverings, I do not know what the minister was thinking of when he permitted, at least without any strenuous objection—perhaps he did object to some extent—a tax on the coverings, articles which in themselves are free of the sales tax, and on barrels, butts, boxes and everything used in connection with the packing of fish. Here again there is only one man who pays, and that is the fisherman, because the people who supply the boxes say that if they have to pay the sales tax the man who supplies the raw material must have the deduction made. Again, it is done in the same lefthanded fashion. No direct charge against the fisherman is made, but just as before, the reduction in the price of fish comes a little earlier. There again, you cannot possibly make a case for the reduction of the tax, because you do not know how much is exported. The man who actually produces the fish and pays the tax is probaly not the man who exports at all, and therefore he cannot get his money back. I know of little industries, all over the western shore particularly, where the men, with their families, in little outhouses, put up a certain amount of dried or boneless fish, as it is called. They may sell it in the domestic market, or possibly to a jobber. How will these people get the rebate on coverings in connection with exports? It is merely an additional tax on this basic industry, and while it does not come within the recommendation of the Cockfield-Brown report, which says that you shall refrain from putting a special tax on the industry, at the same time it contravenes that report to this extent, that it imposes on the industry a tax which up to the present time it has not had to bear. I submit that it is in direct contravention of the principle which we are all trying to establish, namely, assistance to this basic industry.

I spoke of boneless fish. That is boxed. But so are haddies and fillets. Some of these come to this market up here, but many of them do not. Often round fish are boxed and iced. You will never get a rebate of these taxes and, as I say, the fisherman is going to pay. I submit that the minister would be well advised to take up with his colleagues in cabinet this matter of the sales tax, which is of so much importance to the fishing industry.

Further with regard to the sales tax provisions, I find that on one article of fishermen's gear which was apparently considered as exempt, the tax has never been attempted to be enforced until this government came into power. I am not suggesting that the wording of the schedule is such that the department is not justified if they construe the wording strictly in imposing the tax; but, trawl kegs, which are buoys used for the purpose of keeping up trawls, were never taxed before; they were regarded as part of the gear of the fisherman and exempt. Last year trawl kegs had a sales tax, a very heavy item, imposed upon them. I know some men in the cooperage business who are engaged in making trawl kegs, and one of them has had to pay on the kegs not only for last year but for previous years as well. Again, the burden is passed on to the fisherman, and this contravenes the intent of the exemption schedule to the sales tax, which provides, or at any rate is supposed to provide, that gear used in connection with the fishing industry shall be free of the tax. This is a matter to which I wish to direct the attention of the Minister of Fisheries and of the Minister of Finance. I have already brought it to the attention of the Minister of National Revenue and pleaded for some amelioration of the present situation.

The hon. member for Antigonish-Guysborough and I do not agree on some things in connection with the fisheries; naturally, as regards the length of season in our respective constituencies, we differ. He got a fifteen-day extension to the first part of his season, and I had fifteen days cut off the latter part of mine.

Mr. RHODES: Plus six weeks.

Mr. RALSTON: That was a special relief season in December and January. Guysborough got a continuous season, having fifteen days added in the spring of the year when the catching is good, without having to outfit twice, whereas the western shore got a split season, having to outfit twice, and that extra season in the most inclement part of the year.

With regard to halibut, reference has been made to Newfoundland fish. Here is another case in which the Minister of Fisheries would be well advised to give direct attention to the situation with regard to fish coming from that dominion. Last year I protested against fish from Newfoundland being made exempt from the special one per cent excise tax. I considered that this was an extra tax which Newfoundland fish should bear the same as the others. This year I protest more vigorously still against Newfoundlfand fish being exempt from the three per cent excise tax, and I hold in my hand a telegram which I received

the other day, and which probably the minister has also received. I shall read it. It is dated May 3, and reads:

> Newfoundland halibut being dumped in this country duty free is demoralizing our very limited Canadian market and has already driven prices to a point where our fishermen cannot operate and pay expenses. On behalf of our Atlantic coast halibutters, four of whom are tied up at our wharf this week, we vigorously protest this lack of protection for one of our primary industries, when practically all other Canadian industries are enjoying a large measure of protection by tariff and when we are virtually excluded from United States market by tariff and transportation charges. Can we not get some prompt action on this matter which is of such vital importance to our hard pressed fishing population.

That is signed by Ralph P. Bell of the Lockeport company in Lockeport, Nova Scotia. That is a case where the Newfoundland fish are completely demoralizing an industry in Nova Scotia, the halibut industry. These fish are now to be exempted from the three per cent excise tax instead of the one per cent, and I ask the minister to view this matter in the light of giving assistance to the fisheries. The fishermen are entitled at least to the preservation of the domestic markets regarding which the report of Cockfield, Brown and Company was supposed to be particularly concerned.

What is on the other side of the sheet? For the last two years there has been a consistent and persistent effort to tax those things used by the fishermen which were formerly free. I refer to food, clothing, gasoline, oiled clothing, and tin plate which I forgot to mention in connection with the sales tax. These things are being taxed and these taxes, as well as the sales tax on packages are being paid by the fishermen as well as by other members of the community. For the first time taxes are being put on these articles used by our primary producers and I submit that the minister, considering this matter in the light of what was supposed to be the purpose of the report of Cockfield, Brown and Company, should take off these taxes.

The mention of tin plate reminds me that when I was dealing with the sales tax I neglected to mention the lobster canning industry. A tax in connection with coverings means a tax on the tin plate and the cans used for packing lobsters. Many of these cans go outside of Canada and many are sold within Canada; those sold within Canada must pay the tax, while a rebate can be obtained on those sold outside of Canada. However, the rebate is obtained by the exporter and not by the man who actually supplies the can in the first place. The cost comes out of the fisherman.

This whole fishing industry, the third largest in Nova Scotia so far as money is concerned, is in desperate straits at this time. If the minister had access to the budgets of these lobster fishermen he would realize the large contribution they make to the communities in which they live. Only allowing a small amount for depreciation on boat and engine, it costs a fisherman about six or seven hundred dollars per season for gasoline, help, rope, traps and so on. It is not as if the man could go out and use only his labour; he has got to do more than that, he has got to invest money, and they have to earn their expenses before they get anything for their families. These men are in such a position that the matter of taxation becomes vital to them. The taxes should be taken off those things which they use instead of new taxes being imposed.

The suggestion has been made that a bonus should be paid on fish. A strong delegation from the salt banker industry waited on the minister and urged that a bonus be paid. The shore fishermen of Nova Scotia are in need of assistance and the only practical way to meet their needs is by way of a bonus on all shore fish, not trawler fish. If this were done the industry would be given a chance to live and it would be doing only that which was done for the wheat farmer in the west and for other primary producers, such as coal producers. An opportunity would be given to these men to compete with trawler-caught fish and at least get back some of the domestic markets which they have lost.

I urge upon the minister, as I urged upon his predecessor, that he carry on negotiations of the most impressive character, if I may use that word, with the country to the south of us whereby its tariff regulations may be so adjusted as to give us proper access to that market. The minister knows that since 1923 there has been a provision on the statute books—this was put through by Mr. Fielding—with regard to reciprocal trade in natural products. I submit that the time has come when negotiations should be resumed to permit an opportunity of entry to that market. Let me remind the minister that at the present time the tendency in the country to the south is all the other way. The tendency has been to exclude our lobsters except above a certain size, and if this government does not change its present attitude with regard to high tariffs I fear that that market will be seriously endangered. I do not want to take up the time of the committee any further except to say

that these points with which I have dealt have come up from time to time and I have put them together to discuss under this item in order to urge upon the minister that he give serious and earnest consideration to the desperate plight in which the fishermen of Nova Scotia find themsevles at the present time.

Mr. RHODES: Mr. Chairman, the hon. member for Shelburne-Yarmouth (Mr. Ralston) in his remarks, which I could not help but observe were highly and wholly critical, has covered a very wide field. At the outset of his remarks he proceeded to criticize very severely the report of Cockfield, Brown and Company. It may be that the findings as read by my hon. friend from that succinct and abbreviated digest of the report which has been brought down to parliament have not been happily worded, they may be more or less general in their terms, but I would point out to my hon. friend that he should bear in mind the fact that there was a very exhaustive examination made by this company covering a period of approximately nine months.

Mr. RALSTON: I am sure of that.

Mr. RHODES: Whatever criticism may be levelled at the terms of the findings, as read by my hon. friend, I think he should remember that as the result of that survey, the contacts formed and the interest stirred up in all branches of the fishing industry, ultimate benefits will be derived and up to the moment there have been some substantial benefits derived by the industry as a result of the work of that company. I think the best answer I can give in general terms to my hon. friend is to say that so far as I am aware no branch of the industry and no individual of whom I have heard has had anything but favourable comment to make in connection with the work of this company. I am speaking from memory, but that is my recollection of the situation. It may be that in the odd case there is an individual who may feel critical, but that happens in connection with all movements.

Mr. RALSTON: There was nothing to criticize because there was nothing there.

Mr. RHODES: Let me say this in a general way: We must walk before we run; we cannot, so far as government activity in regard to the fishing industry is concerned, create a new heaven and a new earth overnight. But I think in recent years there has been a marked stimulus in the fisheries, and there is a feeling throughout the industry that sympathetic consideration is being given to their problems by the department and particularly by the officials to whom I wish to pay a tribute for the outstanding devotion they have displayed towards the interest of that industry.

My hon. friend referred to some remarks I made the other night with respect to the subject of Malagash salt; he did so in connection with observations made by the hon. member for Antigonish-Guysborough (Mr. Duff). I am at one with the hon. member for Shelburne-Yarmouth in agreeing that the hon. member for Antigonish-Guysborough has a very wide and practical experience in the fishing industry, and I would be prepared at any time to defer to his judgment on practical points. But when I made the statement the other evening with respect to the merit of Canadian as against imported salt, I had not reference to Malagash salt as such, although I am prepared to deal with the question of Malagash salt. What I had in mind at that time was this, that while the salt as it is extracted in its natural form from that mine, may not be as suitable for the fishing industry as salt brought from the Mediterranean or Turks island, I am assured by those who are experts in the chemical side of the industry, that there is no reason in the world why, by a process of refining we cannot produce in Canada a salt that would be as suitable for the fishing industry as salt imported from Turks island. In fact I might say there are in that particular salt certain properties which have a deleterious effect on some of the fish cured. That, however, is more or less by the way.

Mr. RALSTON: Why impose the sales tax until that is demonstrated?

Mr. RHODES: My hon. friend brings up the sales tax and I am going to deal with that. He devoted the major portion of his remarks to a criticism of the tariff and the sales tax as applied to the products of the fishing industry. In that regard, I have no doubt he was within his right, and I think he was within the item itself in bringing that to the attention of the Minister of Fisheries but that subject is one which more properly ought to be discussed in ways and means. I have a hope, before the day is concluded, we shall be in ways and means, and at that time I shall be very happy to discuss the sales tax especially as applied to salt and to the usual coverings. I have a hope I shall be able to answer my hon. friend, possibly even to his satisfaction, when the subject is under consideration then.

My hon. friend would endeavour to make it appear that because of the action of this

government some special burdens have been imposed upon the fishing industry. As a matter of fact I do not subscribe to that point of view. As a government we have been compelled, in view of the strenuous times through which we are passing, to impose taxation, and this has had to be of general application. He referred to the fishing industry which, I admit very readily, is in a bad way, but if this is any comfort to those in the industry, it is the fact, nevertheless, that they are in no worse plight than is the farming industry, nor, in many respects, the mining industry, nor, in many respects, the lumbering industry. So far as the fisherman is one of the general community in this country, he must be prepared to bear his fair proportion of the general taxation which the people as a whole must bear in these times. If my hon. friend could make it appear there was some special taxation imposed upon the fishermen to the exclusion of any other class of people, there would be some point in his criticism.

Mr. RALSTON: Cockfield-Brown say that you must not do that.

Mr. RHODES: Yes; that there must not be applied to them any special tax which is not of general application. I subscribe to that view and we are within the general bounds of it. My hon. friend says that since this government came into power we have been taxing trawl kegs. He admits at once they are taxable under the law.

Mr. RALSTON: I was quite frank about that.

Mr. RHODES: I thank my hon. friend for having been so frank. Maybe he thought his government was lax in its application of the law—

Mr. RALSTON: No.

Mr. RHODES: —and this government has been observing it.

Mr. RALSTON: I assure my hon. friend we would have had an order in council exempting them if that were necessary.

Mr. RHODES: Apart from the merits of the case he has at least given a tribute to the efficient manner in which this government applies the law.

Mr. RALSTON: No, I resent it.

Mr. RHODES: That is altogether irrespective as to whether there ought or ought not to be a tax on trawl kegs.

My hon. friend referred to a bonus for the fishing industry and in that connection he spoke of the bonus which, he says, exists upon wheat. He knows full well that the bonus upon wheat was a special one under extraordinary circumstances for a year and that it has not been renewed for this year. I do not wish to enter into a discussion as to the merits of this or that or the other industry; but leaving aside the question whether a bonus is or is not in itself sound, if you bonus fish, you must bonus the products of the farm in toto. Indeed, I do not see how a bonus could be limited to that; there is no reason why it should not go into the realm of the forest. If you do that, you will run into a sum of money which the treasury of this country cannot possibly provide. As a matter of fact, to be logical in the matter, if you are going to bonus every activity in a dull period for the purpose of trying to carry it through until conditions become better, you are just indulging in a process of trying to lift yourself by your bootstraps. If your bonus is applied logically and generally, in another sense you are simply taking money out of one pocket and putting it into the other, because you must tax in order to provide the money.

Mr. RALSTON: But you bonus the manufacturers by imposing duties.

Mr. RHODES: My hon. friend is not at this stage going to get me into a discussion of that, although at a proper time I will be glad to talk on it.

Mr. RALSTON: We have had that discussion.

Mr. RHODES: I do not for a moment admit the tariff is in all cases a tax. I am not, however, going to be led into a discussion on the tariff at this stage of the session and especially when the estimates of my colleague, the Minister of Fisheries, are under discussion. I do not wish to be a party to attempting to retard the progress of his estimates.

My hon. friend has referred to the relationship which exists between ourselves and our neighbours to the south. In that connection he mentioned the fact that there has been on the statute books since 1923 an offer to our friends in the United States. I do not say this in any hypercritical sense, but let me point out to him that his party was in power for nine years of that period; we have been in office less than two. In the light of the division of power since 1923, he has no basis of criticism or of finding any fault with us That is merely an aside. Let me say to him that this government—and because I was Minister of Fisheries, I can speak very clearly on this point—was at pains to take every step and make every effort to make the contacts

and to enter into discussions with our friends to the south with a view, if possible to ameliorating conditions, not only to the advantage of the fishing industry in Canada but to the mutual advantage of the United States and ourselves.

Mr. RALSTON: You cannot do that by imposing higher duties on their products.

Mr. RHODES: I sat and listened to my hon. friend, I hope with courtesy and without a single interruption although he spoke for twenty minutes, and I think he should accord to me the courtesy of allowing me to have at least one completed sentence without in interjection. My hon. friend is getting along in years but he still shows the impetuosity of youth. He does not seem to be able to contain himself for more than half a minute. It is a nice spring morning and if he would just contain himself in peace and relax a little I am sure he would find it very good for the nervous system.

Mr. POULIOT: The smile of my hon. friend is just as welcome as the spring morning.

Mr. RHODES: I do not know why my hon. friend from Shelburne-Yarmouth refers to the question of the tariff in association with the United States of America because if there is one country in the world which has been noted for its high tariff it has been that country, and if there is one country in the world which formulates its tariff policy to suit the needs of its own people without regard to the rest of the world it is the United States. I do not complain of that because that is their right and their privilege. But my hon. friend must not attempt to make it appear that we must place ourselves in the position where we are to defer entirely to the whims and whimsies of our friends to the south. My hon. friend must realize, and I think the people of the United States themselves would be the first to say, that the question of our tariff is entirely a matter for ourselves, and they would be the last to take exception to our altering the tariff on any item as in our judgment we deemed to be in our own best interests.

My hon. friend from Shelburne-Yarmouth has taken the position that the excise tax of three per cent ought to be imposed on fish imported into this country from Newfoundland. If my hon. friends from Antigonish-Guysborough and Queens-Lunenburg were here I am sure they would unanimously take exception to any such proposal. The question of our relationship with Newfoundland, as my hon. friend knows, is a very old story. It goes back over a long period of years, and it has been distinctly understood that we would never impose any form of taxation against the importation of fish from Newfoundland, which after all is the only commodity they have to sell to us, and there is the further fact that the balance of trade between Canada and Newfoundland has for all time been very largely in our favour. But the fishing industry itself in Nova Scotia is vitally interested in the importation, duty free, of fish from Newfoundland, for a very considerable portion of the fishing industry of Nova Scotia is based upon the processing of Newfoundland fish for re-export.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. RHODES: Mr. Chairman, when the committee rose at one o'clock I was dealing with the question of the imposition of a duty or tax upon importations of fish from Newfoundland. I had pointed out that the subject was by no means new. It has been discussed over a number of decades, and I do not know of any branch of the fishing industry that has been more opposed in the past and so far as I am aware, is still opposed to such a tax or duty than those associated with the ownership, operation and management of the Lunenburg fleet. Apart from the consideration that the importation of salt fish from Newfoundland has hitherto proven a profitable branch of the Canadian fishing industry, there was the further consideration that one of the strongest arguments used by those who were opposed to the imposition of the duty or tax was that if by any chance we impeded the importation of their fish we would invite reprisals on the part of Newfoundland, perhaps quite properly so, and that those reprisals would take the form, amongst others, of not permitting the sale of bait to our bankers. If they were not able to get their bait in Newfoundland ports it would mean their return periodically to the ports of the maritime provinces, with consequent loss of time and also loss of profit in their fishing operations. So that while I do not for one moment suggest that when these considerations are borne in mind the last word has been said, I do submit that they are of such moment as to preclude, for the time being at least, our entertaining the imposition of such a duty. As I do not wish to take up the time of the committee further in passing the estimates of my colleague the Acting Minister of Fisheries (Mr. Duranleau), I will content myself with these few observations.

Mr. SMITH (Cumberland): Mr. Chairman, about the last thing I would wish to do at this late stage of the proceedings would be to hold up the estimates of the minister, but by reason of the fact that certain statements were made Tuesday evening and again to-day of a derogatory character as to the quality of the salt produced in the riding I have the honour to represent, I feel I am drawn into this controversy, and that something in the interests of truth, justice and accuracy should be said with respect to this product. The Malagash salt industry was established in Malagash some years ago, and in normal times it employs upwards of a hundred hands. It was felt at the time of its establishment that it would more or less interlock with the fishing industry of Nova Scotia. The district in which the industry has been developed is not by any means what might be termed affluent; the people there have been struggling along under most severe handicaps particularly during the last couple of years. To show the community spirit on the part of the employers as well as the employees, the committee will be interested to learn that a cooperative working arrangement has been entered into by them.

Now, the derogatory statements made by the hon. members for Antigonish-Guysborough and Shelburne-Yarmouth with respect to the quality of this salt in the curing of fish ought, I think, to be answered by those in the industry who know what they are talking about. In this connection I am going to read into the record certain telegrams I have received from those who know the fish business with respect to the value of this salt in the curing of fish. The first is from S. R. Giffin and Son, of Goldboro, Nova Scotia:

> Malagash salt best we ever used for hard cured dried codfish,—never dampen again after being dried or turn red in hot countries if held any time as sometimes happens when fish are cured with salt such as Turks island.

The next telegram is from Austin E. Nickerson carrying on business in the constituency of the hon. member for Shelburne-Yarmouth (Mr. Ralston): He says:

> Understand discussion regarding Malagash salt now going on. Wish to advise that we have used Malagash salt solely for the past ten years with absolutely good results, and on account of good keeping qualities of our fish have been able to obtain extra prices. Have never seen any indication of red fish, but there is a slight sediment, apparently gravel, in salt, but that can be overcome by proper methods of curing. Have used many other salts, including German, and prefer Malagash.

[Mr. Rhodes.]

Another telegram is from McCormack and Zatzman, Limited, of St. John, New Brunswick. They say:

> Regarding Malagash fishery salt, we have used thousands of tons of it in the last few years, shipping a large portion of our products to southern countries, with absolutely no spoilage losses and without cold storage charges, whereas when formerly using solar or sea salt we have experienced losses in these markets. Malagash is the best salt we know of for all cures of smoked herring and Gaspereau, and you will be making no mistake whatever in doing everything possible to increase the use of Malagash salt by Canadian fishermen.

Another telegram is from A. Haydon, Magdalen islands. It is dated from New Glasgow and is as follows:

> Visiting here to-day noticed controversy in house on salt and cures of fish. After an experience of many years supervising fish packing in Nova Scotia and Magdalen islands, wish to state I have used Malagash mined salt on the curing of codfish and mackerel, and have found it very satisfactory. My opinion is that codfish cured with mined salt has a much milder flavour than fish cured with solar salt.

That point was emphasized this morning by the hon. Minister of Finance. I have another telegram which comes from the fisheries experimental station at Halifax. This station, I understand, is under the biological board, which is composed of representatives of the fish industry, the fisheries department and the universities. The telegram reads as follows:

> Regarding Malagash salt, can state that if proper precautions are taken mined salts will prevent red fish. Tests here recent lots of Malagash salt, there was very little sediment on fish, and we have proof that large amount of equal salt has been mined at Malagash.

The last telegram I desire to read is from the Malagash Salt Company, Limited. They say:

> If Hansard records statement that Malagash salt leaves red streaks on the fish and that sediment is unsatisfactory . . . correction should be made. Many people make such statements without advising themselves on recent result with Malagash salt. Their conclusions are really based on results that are out of date.
>
> Such erroneous statements on Malagash salt have been very damaging and have retarded the development of the industry the importance of which you fully appreciate. Malagash is cheapest of few salts available here that does not produce red fish. The fishermen's losses from reddening is now recognized by Halifax station officials and trade generally as a terrific handicap. Malagash being germ free is definitely stated on page twelve of Harrison's honorary research council paper number eleven. Regarding sediment Dr. Leim, director Halifax station advises this difficulty no longer a factor with salt from vein that we have worked past two years also on reddening. Our sales talks on fishery salt all based on American bureau fishery

findings and recommendations bulletins numbers 884 and 919 and Malagash salts are those most nearly meeting the specifications recommended. If such evidence is acceptable it shows the fishermen's troubles are in a large measure due to failure to adopt the scientific information available to them. The Cockfield-Brown report draws that conclusion. S. R. Giffin and Son, Goldboro, claim our salt best for hard dry cure. A. E. Nickerson, Yarmouth, claims they did not have a loss from reddening on shipment many million pounds cut fish to American market where colour is also an all important factor. McCormack and Zatzman, St. John, very large users have had greatest satisfaction our salt. W. H. Smith, Lunenburg Sea Products, Lunenburg, reports Malagash salt very satisfactory for their processed fish trade. W. C. Smith and Company, Lunenburg, have also long appreciated the better keeping qualities Malagash salt. Fisheries department Gaspe cure demonstrator Peter Mercier wrote us last fall Malagash salt only salt with which he could produce that cure on the Magdalen Islands. While fish cured by these firms represent practically all different cures produced in maritimes we have very many maritime references including Robichaud, member of McLean commission. Several Newfoundland as well Morue Francaise St. Pierre among our best and largest customers and highly satisfied with results over several years on their cure similar to Lunenburg. In many of these cures the difference in return from the use of salt of the specification recommended will more than pay for all the salt used and Canadian Malagash salt meets the requirements.

I have every sympathy, as every hon. member from Nova Scotia has, for the fishing industry; we all realize that it has suffered a great deal and that, due to world conditions, it is in a most unfavourable position to-day. But I cannot see why a blow should be struck at another legitimate Canadian industry, the Malagash salt industry, by depreciating the quality of their product, which I think has been conclusively demonstrated by the telegrams I have just read to be equal to any other salt produced for the curing of fish. I think in fairness to this industry the hon. gentlemen opposite who have spoken in this way should withdraw or qualify their statements, as they seem to be labouring under a misapprehension. Of course, if hon. gentlemen opposite are not interested in industry in the maritime provinces they will not withdraw, but I contend that this is a legitimate industry which should not be dealt a blow on the floor of this house with respect to the quality of its products, which a great many fishermen say is eminently suitable for the purposes for which they use it.

One other point and I am through. When this industry was started a seam was developed which contained some material which caused reddening. That vein or seam has been abandoned, and to-day they are developing another seam producing an excellent quality of salt for fisheries purposes. In addition, with the scientific improvements that have been adopted by this company, they are able to produce a salt that is claimed by many fishermen to be better than any other salt used in the curing of fish.

Mr. SHORT: I listened with a great deal of interest to the discussion that took place last evening and this forenoon in connection with the fishing industry. I have been interested in that industry for the past thirty years, and I was especially interested in the remarks of my hon. friend from Shelburne-Yarmouth, who seems to be the champion of the fishing industry in western Nova Scotia.

I cannot agree with many of the suggestions made by the hon. gentleman last night and this morning, but on one point I do agree with him. That is that the government was badly advised in that they did not grant the full two weeks extension of the season to May 31, though they did give us five days more than we really expected at first. Of course, when the six weeks season was granted last winter it was understood that two weeks would be taken off the other end of the season, which would close on May 15 instead of May 31. Those six weeks were of great benefit to the fishermen of western Nova Scotia, and it is a fact that they made that bargain. Of course they expected then that they would secure their usual catch of lobsters during the month of March and April, but unfortunately March this year was a very severe month along the coast of Nova Scotia, during which few if any lobsters were taken. I have the figures here showing the catch during the months of March and April for the past three years. They are:

	Pounds	Value
1930	3,271,300	$650,372
1931	2,956,100	497,733
1932	1,751,000	264,239

So it will be seen that there was a great shortage in the catch this year as compared with the two previous years, and that is accounted for entirely by the severe weather along the coast. I made representations to the government asking that the fishermen be given the extra two weeks in order to make up for the loss they sustained particularly during March, but in their judgment the government did not see fit to grant that extension. I think they made a mistake, but I am not going to censure them for that. I believe the fishermen in western Nova Scotia are grateful for the extra five days, which will compensate them somewhat.

With regard to the drain on the lobsters, or the conservation of the fisheries, that is an

exploded idea; there are just as many lobsters in the sea to-day as ever there were. As I say, I have been connected with the industry for some thirty years or more, and in each of those thirty years we were told that unless something was done in connection with the lobster season they soon would be extinct. What has been the result? Last year the catch was better than it had been for many years, and I noticed in the press the other day that when the season opened in Cape Breton they had the largest catch they have ever had. I believe in conservation, but I also believe that the department should be advised by those who know something about the industry. I am not censuring the government for what they have done; perhaps they were wise, but I think they go too much on theory rather than on practice.

I was particularly interested in the remarks of my hon. friend for Shelburne-Yarmouth. He had nothing to offer but complaints and criticisms. He criticized this government for everything that has been done by the Department of Fisheries since this government came into power, but I want to tell the committee that in the two years it has been in power this government has done more for the fishermen than the government of my hon. friend did in the nine years they were in power. They never turned a hand to do anything for the fishermen. During the few months that the present Minister of Finance was in charge of the Fisheries department, he did more for the fishing industry of Canada than any minister who has ever had charge of that department, and it was with extreme regret that the industry learned that he was giving up that portfolio to take the more responsible one of Finance. Had the Minister of Finance retained the portfolio of Fisheries, I believe he would have done something worth while for the fishing industry, for which nothing has ever been done by any minister who has ever managed the department.

My hon. friend speaks about the excise duty and the sales tax on salt. In my opinion our Canadian salt industry should receive the support of the fishing industry. It is good salt. I have had experience in the use of Malagash salt, for we have used quantities of it, and while, as the hon. member for Antigonish-Guysborough said the other night, it does leave a little scum on top of the pickle after it is made, that does not interfere with the curing of the fish. We have used thousands of tons of it and have found it very good salt indeed. We have used, occasionally, Mediterranean salt, and sometimes Turk's island salt, because vessels coming up from the West Indies can bring Turk's island salt to Nova Scotia cheaper than we can obtain the Malagash salt delivered to our plants. But so far as quality is concerned, the Malagash salt is perfectly good. It is a reliable brand and if it is properly used there is no reason why the fishermen of Nova Scotia should not be using Nova Scotia salt instead of Mediterranean or West Indies salt.

My hon. friend from Shelburne-Yarmouth spoke about a bounty on fish. That started, of course, with the Lunenburg fleet; they asked for a bounty. I suggest that if the government grants a bounty on salt fish it will have to give a bounty on fresh and smoked fish. Moreover, it will have to extend the bounty to farm produce, lumber and all other industries. I think it would be a mistake to begin giving a bounty to this or that industry. We are not in a position to grant bounties to all the natural industries of the country, and in my opinion the government would be ill-advised to give a bounty to any one particular class of fish produced in Canada.

As regards the sales tax on packages and coverings, this, of course, will include the tins as well as the outside package for canned fish. It includes the parchment covers for fillets, haddies and kippers, as well as the package. But this sales tax, it must be remembered, applies to every other industry as well as fish; it applies to every business. If we protest on behalf of the fishing industry, we must protest also on behalf of fruit and poultry, the butter and milk industry and every other. It is absolutely necessary for us to raise taxes this year from every source possible, and if it is unavoidable to tax the packages used for fish, then I say that the fishing industry will accept the tax just as other industries are accepting it. If, however, exemptions are to be made, the fishing industry must get the benefit of them along with the others. Personally, I have heard no complaints from those engaged in the fishing industry. Many of these people interested in the industry are carrying on a very large business in Nova Scotia, and I have had no complaints from them with regard to packages. They intimate that they realize the necessity for raising taxes from every possible source. The fishing industry will have to bear its share along with the others, but if exemptions are made then, as I say, we feel that we must be included.

The fishing industry has been hard hit, particularly in the last two years. During that time there is not a concern engaged in the industry that has broken even. But

they are not discouraged. We feel that we are over the worst of it now, and I believe that conditions are going to improve. When they do, the fishing industry, along with others, will benefit.

I do not intend to say anything further, because I realize that the committee is anxious to get through, but I must say that this government is doing what it can for the industry, and I believe it is disposed to do all in its power to further the interests of the fishermen. My hon. friend from Shelburne-Yarmouth spoke of the report submitted by Cockfield, Brown & Company. He called it a dud, saying that there was nothing in it. I say that there is a great deal in it. If many of the suggestions contained in that report are carried out, as I believe they will be carried out by this government eventually, the result will be highly beneficial to the industry, and I think that the Minister of Finance, the former Minister of Fisheries, deserves a great deal of credit from the industry for having employed this firm, and for the report that has been submitted.

Mr. GAGNON: Has the minister received any official request for cooperation on behalf of the Quebec provincial government with regard to the maritime fisheries in the gulf and the St. Lawrence river?

Mr. DURANLEAU: Not to my knowledge.

Mr. GAGNON: Of course, the minister's answer does not satisfy me to any great extent. I understand him to say that he has no knowledge of any communication. I should like to know precisely whether the Department of Fisheries of the province of Quebec has sent a letter or a telegram or any other communication asking for the cooperation of the federal government, with a view to improving the situation in the maritime fisheries, especially in the last six months.

Mr. DURANLEAU: I am informed by my officials that during the past two years no communication has been received from the department of fisheries of the province of Quebec.

Mr. GAGNON: I am very much surprised to hear that. As was stated on the floor of the house during the discussion which took place some weeks ago on the motion of the hon. member for Charlevoix-Saguenay (Mr. Casgrain), a great number of people from the Gaspe coast, especially from the counties of Gaspe and Bonaventure came to Quebec to interview the government and ask that necessary representations be made by the Quebec government to secure the cooperation of the federal government. I hold in my hand a copy of the memorandum submitted by that delegation to the provincial government, and I should like to quote as follows:

> We affirm our confidence in the diplomacy of the provincial cabinet to conduct negotiations in view of joining with the Ottawa government and to regularize our position by way of cooperation. Since a few years, under the influence of new knowledge and the requirements of commerce, a quiet revolution has taken place in the domain of fisheries that we cannot ignore. Consequently many new initiatives are now on the order of the day; a ministry of fisheries has even been created to look after this evolution.

That memorandum was submitted to the provincial government on March 19, 1932. Since that time the hon. member for Charlevoix-Saguenay has moved very eloquently a resolution which was agreed to unanimously. This resolution asked this government to cooperate with the provincial government of Quebec in order to give assistance to the maritime fisheries. I understand that such a policy of cooperation cannot be carried on or attempted by the federal government alone. It is not an easy thing for this government to intervene. But I have no hesitation to say that this question of the development of fisheries is as vital to the province of Quebec as it is to the maritime provinces and British Columbia. In discussing this question I should like to refer to a memorandum prepared by one of the fisheries' experts in the province of Quebec, dealing with the development of fisheries in that province.

During the period from 1900 to 1920, thanks to modern scientific discoveries, numerous scientists have applied themselves intensely and successfully to the study of the sea. They have succeeded in making many discoveries relating to fish migration and have formulated many laws which have resulted in increasing the productivity of the fisheries. These studies, still practically at their inception, are being prosecuted actively year by year. In Europe alone, fourteen nations, by common consent have divided the waters in which scientific research is to be carried on. They have grouped themselves into a great intellectual cooperative society. Universities are popularizing the practical knowledge to be derived from their investigations in connection with fishing. The complete courses are already fairly extensive and cover from three to five years.

It is now generally admitted that if accurate knowledge of the different soils is essential to rational farming, some knowledge

of the sea is equally essential to the profitable pursuit of fishing. In his book entitled The Products of the Sea Dr. Loir writes:

> Just as rational farming proceeds from chemical laboratories, so rational fishing finds in oceanographical laboratories all the elements essential to its development.

The natural resources conservation commission, which has devoted several of its sittings to the study of the fishery problem, has given expression to similar views. If we are to believe the high authorities who have given the deepest thought to this serious question, scientific institutions, study circles, research and demonstration centres have become as indispensable to the promotion of the fishing industry and its proper administration as they are in the case of agriculture. The solution of the problem lies in study and teaching: a technical staff is necessary to provide the required guidance. It would take too long to enumerate the different subjects one must master to qualify as an expert or specialist in fishery matters.

Scientists have not only confined themselves to the thorough investigation of marine life but they have devoted themselves no less intensely to the transformation of the industrial processes in vogue during the last century and to the improvement of commercial methods with a view to obtaining a better return. By 1900 these men were associated together under the name of International Sea Exploration Committee, which is now divided into the following three great intellectual associations:

> The International Sea Exploration Committee.
> The International Mediterranean Committee.
> The International Fishery Research Committee of North America.

The United States, France and Canada are members of the latter committee.

As the fisheries of the province of Quebec have been entirely under the control of the provincial government since 1922 and as the fishery map of our province, according to the annual report on fisheries issued by Ottawa, seems to have been deleted from that of the dominion, it goes without saying that we are not represented on this International Fishery Research Committee of North America. We do not belong to any group as we do in the case of agriculture, and the official circles of our province have appeared to be perfectly satisfied with this state of affairs, at least up to the last session of the legislature. They have not even thought of providing us with an intelligent nomenclature of the fish varieties to be found in the province of Quebec. Our provincial fishery service is composed of a staff which lacks scientific, industrial and commercial training. After eight years of groping there are no institutions of learning, there are no demonstration establishments and the service is powerless and absolutely incapable of solving the many problems which arise. The lamentable failure of its undertakings in connection with porpoise destruction, refrigeration construction and so on justifies amply the criticism which has been directed against it. Establishments of this kind have existed for several years in all parts of Europe, even in the least advanced countries such as Esthonia, Bulgaria and so on. Establishments are to be found in the British, Italian and French colonies and even Indo-China. The fishermen of the province of Quebec are placed at a disadvantage when compared with those of Indo-China who enjoy a leadership which keeps in contact with modern progress.

For about twenty-five years prior to 1922 public opinion in the province of Quebec was misled by the constantly reiterated claim that the organization of our fisheries depended upon the question of jurisdiction. This formed the subject of endless discussions between Quebec and Ottawa. It will be remembered that since 1898 there has been a constant conflict between the governments at Quebec and Ottawa with regard to jurisdiction. Three cases have been submitted by the courts of the province of Quebec for decision by the privy council. British Columbia had to cope with the same difficulty but that province was parctical enough to use them as a pretext to delay the organization of its fisheries. In spite of its conflicts, it never ceased to cooperate with Ottawa, and at the present time that province possesses two marine biological stations located at Prince Rupert and Nanaimo, and also a well organized and complete fishery service which, according to the statement of the former Minister of Justice (Mr. Lapointe) on April 3, 1922, costs the federal treasury $400,000 a year and yields but a trifling revenue. On the other hand, the maritime provinces led by practical men have applied themselves with sincerity and perseverance to the study of the various aspects of the fishing industry. Instead of fighting the federal authorities and confusing the minds of the people, they have cooperated with them in order to strengthen their hand. As early as 1900 the maritime provinces had a marine biological station located at St. Andrews, the first of its kind in Canada. Later, about 1922, under the direction of Professor Cobb, of Washington university, they founded the Halifax Fishery School at a cost of $100,000 provided by the federal government. A few

years later, a second biological station, more up to date and better equipped, was constructed at Halifax, again at the expense of the federal government. All these institutions contribute to the training of industrial executives and others who fill the most difficult positions in the fisheries service.

Towards 1915 there was organized the Canadian Fisheries Association, to which the best minds of the country, representatives of the federal and provincial governments, of the universities and of big business, contribute their valuable cooperation, and, at the annual meetings, which mark epochs in the life of the movement, discuss all questions affecting the fishing industry. It is this well organized and effective influence, which the province of Quebec has always ignored, that, on July 12, 1928, brought about the appointment of a deputy minister of fisheries separate from the Department of Marine, and, in 1930, the creation of a department of fisheries.

It is likewise to the efforts and recommendations of this association that we owe the reform that has been going on for fifteen years of the whole federal service; information offices in all the provinces except Quebec, a service composed of trained and disciplined men, marine biological laboratories at St. Andrews, Halifax, Prince Rupert and Nanaimo, improved transportation by rail and water of the products of the sea, and all the advantages that have brought about the development of the fisheries of the other provinces to the point where they command the attention even of foreigners.

The spirit that has guided the evolution observed beyond our boundaries has been altogether different from that seen in Quebec, where politicians, apparently indifferent to the promotion of our fisheries and unconcerned with their future, have contented themselves with boasting of their exploits and of their achievements before the courts. Quebec has ignored too much the cooperative and educational movement. Who amongst our public men has set himself up as the qualified defender of our population of 50,000 souls who, drawing their livelihood from the fishing industry, inhabit a territory capable of maintaining 100,000 persons and more? Lack of vision, indifference, want of organization and knowledge, together with an absurd policy, have caused our fishermen to emigrate in large numbers and have brought about stagnation in the region of the gulf. As Monseigneur Roy, the well known educator, has said: "Our provincialism is heightened by an intellectual provincialism that is a Canadian form of ignorance. We are too little acquainted with the intellectual accomplishments of our neighbours."

The province of Quebec now bears the sorry reputation of being the most backward of all as regards the capacity of its fishery staff and the application of scientific research to fisheries. The success or failure of any industry being dependent upon the attention given to it and upon its good or bad administration, it is not to be wondered at that Quebec fishermen have an income lower than those of the other provinces, as is shown by the following table taken from the statistics of 1919-20. The figures which I am going to quote have been extracted from a memorandum which was submitted by a delegation of fishermen who interviewed the provincial government on March 19, 1932. The figures are as follows:

Province	Number of fishermen	Total income	Average income per man
British Columbia	11,464	$28,301,607	$2,207
Manitoba, Saskatchewan and Alberta	1,665	1,649,044	1,170
Ontario	4,156	3,410,750	826
Nova Scotia	22,085	15,171,929	687
New Brunswick	10,452	4,979,574	477
Prince Edward Island	3,399	1,536,844	463
Quebec	10,699	4,358,731	398

Mark the great difference between British Columbia and Quebec. In 1920, in British Columbia the fishermen had an average income of $2,207, while in Quebec it was $398. I should not like to be considered a detractor of my province, but the figures I am quoting are of interest as showing that all governments which have been at the head of affairs, whether in Quebec or Ottawa and of whatever party, have neglected their duties to our fishermen. Since I put all parties on the same footing, I think I shall not be accused of being inspired by narrow political criticism.

Mr. NEILL: Would the hon. gentleman tell me where he gets his information that the British Columbia fisherman's income is $2,000?

Mr. GAGNON: These figures, as I said a moment ago, are taken from statistics of 1919-20.

Mr. NEILL: Oh.

Mr. BRADETTE: The hon. member is decrying his own province.

Mr. GAGNON: The hon. member for North Timiskaming, who is interrupting, knows

nothing about fisheries; he has never opened his mouth in the house in regard to that industry. Why, then, should he interrupt me?

Mr. BRADETTE: I am interrupting the hon. member because he is decrying his own province.

Mr. GAGNON: The figures have been chosen for the year 1919-20 because it was in that year that the judgment of the privy council was rendered giving exclusive jurisdiction to the federal government over the fisheries in the maritimes and Quebec. Our fishermen in 1919-20 were thus at the foot of the list with an average income per season of $398. The insufficiency of this income clearly explains their demoralization and their tendency to emigrate. It would appear that the courage and patriotic spirit displayed by the late Hon. Mr. Perron, Liberal Minister of Agriculture in Quegec, on the subject of agriculture, was needed to secure the admission of this cruel truth concerning our fisheries and to proclaim it loudly in official circles in order to arouse our administrators.

Such were the circumstances under which the provincial government, in 1922, negotiated the administration of the whole of our fisheries, the federal government consenting, without opposition, to surrender them to the province, and this was done at the expense of the provincial treasury and the sacrifice of our reputation. If not one of the objectives at least the consequence of this transaction, cleverly engineered by certain high federal officials and escaping the penetration of our provincial ambassador, was to get rid of the province of Quebec, in order to keep all fishery subsidies for the other provinces, particularly for the maritimes, which are the competitors of our fishermen even in our domestic market.

Mr. BRADETTE: I rise to a point of order. The hon. member has reflected on my own province. There is a rule that no hon. member may read his speech and that rule should be followed.

Mr. GAGNON: The hon. member is inconsistent, because at the beginning of the session he made about two or three speeches in the house and he has not been able to deliver one without reading it.

Mr. BRADETTE: I never read my speeches and I want the hon. member to withdraw those words, Mr. Chairman.

The CHAIRMAN: I think the hon. member for Dorchester must accept the denial of the hon. member for North Timiskaming. That is the well-known rule. So far as the reading of speeches is concerned, any hon. member has the right to consult his notes, but the rule is that no member may read his speech.

Mr. GAGNON: I gladly bow to your ruling, Mr. Chairman, and if the hon. member for North Timiskaming says that he never reads his speeches I am obliged to tell my eyes that they have not seen what they have seen and I must accept his denial. I was simply quoting some notes from a memorandum which has been given to me by one of our fishery experts in the province of Quebec.

The CHAIRMAN: The hon. member is quite entitled to quote from his authority. While no member is allowed to read his speech, every member is entitled to consult his notes and to quote from memoranda.

Mr. GAGNON: In order to close the controversy, Mr. Chairman, I shall try to raise my eyes a little higher so as not to offend my hon. friend from North Timiskaming, who does not like to see a sheet of paper in the hands of an hon. member.

The agreement which was entered into in 1922 between the federal government and the provincial government whereby the federal government transferred to the provincial authority the administration of the maritime fisheries of the province of Quebec has been most detrimental to the interests of fishermen and to the fisheries in general, as was admitted in this house three weeks ago by the hon. member for Charlevoix-Saguenay. He then stated that it was a mistake on the part of the federal government to transfer these fisheries to the province of Quebec. The hon. member for Antigonish-Guysborough, who is also an expert in fisheries, admitted the same thing, and said that it would be more in the interests of the fisheries if that agreement should be cancelled. As I stated in the house during the debate on the motion of my hon. friend from Charlevoix-Saguenay, this agreement, which was not approved by parliament and was effectuated only by a mere order in council, is absolutely illegal and ultra vires because by the British North America Act the maritime fisheries are vested solely within the jurisdiction of the federal government.

In 1921, a few weeks before that agreement was made and after the judgment of the privy council was rendered giving complete jurisdiction to the federal government over all maritime fisheries in the province of Quebec, the federal government inaugurated a long series of reforms and especially it proposed the

establishment of a fisheries bureau in the province of Quebec. The establishment of such a bureau, Mr. Chairman, would certainly have been a great help to the fisheries of Quebec just as it has proved beneficial to the fisheries of British Columbia and of the maritime provinces. Last year at the beginning of April I wrote to the present Minister of Finance, who at that time was Minister of Fisheries, the following letter, and as it is a letter I hope that my hon. friend from North Timiskaming will not be offended if I am obliged to look at it in order to read it.

Mr. BRADETTE: Very clever.

Mr. GAGNON: The letter reads as follows:

Honourable Sir,—

On the 30th of November, 1920, a judgment was rendered by the privy council which put an end to the discussion regarding the administration of the fisheries of the province of Quebec. A little later the Department of Justice commenting on this decision, interpreted it to mean that "dans les eaux navigables accessibles par voie de navigation a partir de la mer" the federal fisheries service had exclusive authority. Nevertheless, the use of the soil, the "Solum," in order to set up, maintain and use fishing equipment still retains the character of private property.

This discussion put an end to a federal-provincial conflict which had been used, during twenty years, as a pretext by many to delay the methodical and rational organization of our maritime fisheries. It made it possible for our province like all the others:

(1) To possess a single and complete service: (a) To enforce fishing laws and regulations; (b) To see that the treaties regarding the presence of foreign fishermen on our coasts were observed.

(2) To put an end to abusive and wrongly defined pretentions derived from certain seignorial privileges.

(3) To place all our fisheries, educational and police service under the direction of the federal government which alone possesses all the necessary means of action.

(4) To create a maritime biological service to study conditions on our coasts in the same manner as those already functioning in other countries and in other provinces.

(5) To establish on a well-defined basis a cooperative association of the federal and provincial governments for the purpose of stimulating our sea-fisheries. The highest authorities in the country have already recognized the fact that it is essential that the two powers work in concert in order that the administration may exercise to the full its salutary influence on our fisheries.

(6) To receive a reasonable share of the subsidies voted to fisheries, which amount to more than $2,000,000 annually.

During the season of 1921, the Department of Marine and Fisheries supervised the fishing "dans les eaux navigables par voie de navigation a partir de la mer." It elaborated and commenced to put in force a series of urgent reforms, the object of which was to collect and form a personnel possessing a scientific, technical and commercial knowledge sufficient to establish an equipment such as is found in all modern fishery services in Canada and elsewhere, for the purpose of the now universally recognized principle that in the fishing industry, as in agriculture, the State must be an educator.

In the beginning of February of the following year, after a debate in the Quebec Legislature, J. E. Perrault, Minister of Colonization, Mines and Fisheries, met the federal authorities, who, after only a few days' deliberation, yielded to the provincial government the administration of all fisheries in the province: the grave reasons which may have been given in order to justify such an arrangement have never been disclosed, no official declaration was made in order to inform the public on this point. Our population has therefore remained very poorly informed as to these secret negotiations conducted with the greatest dispatch and for an essentially political purpose without consideration for the interest of the trade in sea-products; they were rendered possible only by an excessive complaisance on the part of the federal cabinet of the time. The Right Hon. Arthur Meighen objected to the ratification of this agreement. (See Hansard, 1922.)

I am not yet acquainted with the details of the federal-provincial understanding and do not know what portion of authority the federal government ceded to the provincial, nor even if we are to understand that the provincial authorities have acquired the exercise of all the rights of the federal government; it would be strange indeed if this transfer completely destroys the effect of the decision of the privy council.

I cannot admit that as a result of the abandoning of our fisheries to the provincial government the federal government is now relieved of all obligations towards our fisheries, that it now has a motive sufficient to justify the withdrawal of its cooperation, as has been done during the last nine years; that it should abandon its program of development drawn up in 1921 and discontinue its fishery service established even before confederation. Our population cannot be content to contribute 25 per cent of the federal fisheries budget without deriving therefrom any benefit. In short, I prefer to believe that your department was created to relieve the social conditions of all the fishermen of the country, those of the province of Quebec not being excepted.

It is not yet opportune to mention the revision of this agreement. For the moment I wish simply to draw your attention to the abnormal situation of the fisheries of my province and to solicit your assistance in helping them.

I submit that your department, without prejudice to the provincial authorities, should be represented in Quebec, as indeed is the case in other provinces where there exists a sea-fishing industry, that it should possess a "pied-a-terre" at Quebec, which would keep in touch with our fishing fields and which would become the point of transmission for all the activities of your department. This "pied-a-terre" should be equipped in the same way as all modern fishery bureaux so as to provide all the service the present needs demand. It would interest itself in the protection of our waters and the products of the sea, the improvement of transportation facilities and publicity; it would

serve as a disinterested intermediary between the producers and consumers; a centre of general information, etc., etc.; in short, to fulfill all the functions mentioned in the annual report of your department, to wit:

(a) To enforce the laws, regulations, and the articles of the various treaties with regard to the construction of fish slides in dams, the cleaning of rivers, etc.;

(b) To enforce the law regarding the inspection of fish. For the future, it is necessary that the province of Quebec be as well organized in this respect as any other and have the service of real technicians at its disposal;

(c) To enforce the law respecting the manufacture of preserved fish. This branch could be considerably developed with the help of a competent personnel;

(d) To participate in the organization of a biological marine service. We have not as yet profited by the biological marine service as constituted in 1912 by act of the federal parliament. Its intervention would be necessary for us in order to harmonize the conduct of fishing operations with our particular conditions, to instruct the fishermen and the leaders of the industry, and to create a staff to serve the industry;

(e) To centralize the knowledge relating to fishing, in its triple branches, scientific, commercial and industrial;

(f) To direct a centralizing service for catches, as exists, for example, in the maritime provinces;

(g) To see to the distribution of fishing premiums and to the compilation of statistics;

(h) To carry on a publicity movement for sea products and to augment the consumption of fish;

(i) Etc., etc.

The above mentioned activities are organized elsewhere as federal services, are equally necessary in my province, which desires to have them, but our provincial government does not appear to have jurisdiction.

The CHAIRMAN: Order. The hon. member has spoken forty minutes.

Mr. MARCIL (Translation): Mr. Chairman, it is quite evident that if the hon. member for Dorchester (Mr. Gagnon), is appointed Minister of Fisheries, he will very efficiently discharge the duties of this office. The position is vacant and the house must not be astonished if the hon. member is called upon to administer that department, after the proofs of efficiency he has just given.

I have no knowledge of the fishery development in the county of Dorchester, however, what he has just stated about the fisheries in the counties of Gaspé and Bonaventure has added nothing to my knowledge. They were facts with which I was well acquainted. The hon. member referred back to the year 1922, I shall go further back; thirty-five years ago, in 1897, I had the honour of being the Liberal candidate against the Hon. Mr. Flynn, then Prime Minister of Quebec and member for his native county, Gaspé. The vote, at first, was favourable to me, however, after a recount, the Hon. Mr. Flynn was declared elected. My opponent, in 1897, rested the whole of his campaign on the right which the Quebec Legislature had of controlling the fisheries in the province and. during the last week of the election, the Hon. Mr. Flynn read a despatch from London informing us that the Privy Council had just decided that the leases for salmon fishing, etc., were under the provincial jurisdiction. The Hon. Mr. Flynn took the stand that this judgment constituted a great provincial victory. It is therefore useless to go back to 1922, as we can go further back and prove that the Conservative party of that day had championed the cause of Quebec, so far as fisheries are concerned.

The conflict continued, and, in 1921, another decision was given by the Privy Council, declaring that navigable waters were under the jurisdiction of the Dominion government, but that the shores formed part of the provincial domaine; the provincial government's authority was supreme on land while that of the Dominion was supreme on the waters. The conflict still continued, since the judgment of the Privy Council had not settled the question and that there existed two jurisdictions, federal at high tide and provincial on land. There was a settlement so far as the Magdalen islands, because they were entirely surrounded with water, and they were left under dominion control.

What interests the Gaspé and Bonaventure fishermen, to-day, are not questions of jurisdiction or administration; they want, especially, markets to sell their fish. When I had the privilege of being elected in 1900, fisheries existed at St. Charles-de-Caplan, St. Siméon, St. Bonaventure, Paspébiac, Port Daniel and at l'Anse-aux-Gascons. It is a section of the country entirely inhabited by fishermen and where fishing was carried on a large scale. The fisheries then were partly under the control of the dominion, and partly under the control of the province. At all events, the fishermen to-day, have no complaint to make in this connection; they are not as well informed as the hon. member for Dorchester on the subject; but what they do complain of, is the lack of markets for the sale of their fish. It is up to the dominion government to find the markets, they are entrusted with negotiating trade treaties with foreign countries and are obliged to find markets for our products. Naturally, the Conservative policy, by increasing the tariff, created, by that fact, the impossibility of trading abroad. My first remarks, in the house, after the advent of this government, condemned this policy, because I was aware

of what had taken place for over a quarter of a century. When we wish to trade with other countries, we must purchase from them; if we wish to sell abroad, we must make purchases abroad; if not, other nations will not buy from us as long as we continue to increase the tariff.

The government, through the medium of its Department of Trade and Commerce, has already begun to demolish this tariff wall. The hon. Minister of Trade and Commerce (Mr. Stevens), fortunately, was able to conclude a trade treaty with New Zealand, to undo what the government had done the previous year. An Imperial Economic Conference is to be held in July next, it will give us an opportunity of finding markets for our products. We have no markets, and that is the underlying cause of the distress existing in this country, which is rich in natural resources of all kinds, both on land and sea. There are as many fish in the sea to-day, as there were 20, 30 or 50 years ago; the markets alone are lacking. Our fishermen, our young men of Gaspé, were obliged to give up fishing because they could not dispose of their catch. The same may be said of agriculture.

During the last dominion election I had to face a bitter attack on the question of New Zealand butter. Men who were ignorant of the subject or else were badly informed, proclaimed highly that if the treaty, which was then existing, was repealed, Canadian butter would increase in price. It was then sold at 35 cents per pound; it now sells from 15 to 17 cents. The Gaspe potatoes which are not graded, have no market. The hon. Minister of Agriculture for Quebec, informed me, when he last visited Ottawa, that two or three car loads of potatoes from Rimouski had been offered on the Montreal market at 10 cents per bushel, and had not found a purchaser. Last year, not one single lumber camp, in Gaspe, was thrown open, where, usually, all winter thousands of young men find work; the result is that the farmers of the two counties comprised in Gaspe, were unable to sell their products. The barns are still filled with hay and cellars full of potatoes and people are in great distress. I am in receipt of letters from persons who are best able to judge of these facts in that section of the country, asking me to request the government to assist these people who are undergoing a crisis as they never have experienced before owing to the lack of markets to sell their products. Our young people are leaving us, forced by circumstances to abandon the Gaspe peninsula in order to earn a livelihood in other sections of the country; not only are they to be found in Quebec or Montreal, but large numbers have emigrated to the United States; there is a colony of them in Detroit and many others are to be found in various places of the United States. People were told, at the last election, that a new regime would improve the situation, in a short time; unfortunately the country was deceived, but is now wiser. If we had to-morrow, an election in Quebes or in any part of Canada, the people's verdict would perhaps not be the same.

Mr. CHEVRIER (Translation): Hear, hear!

Mr. MARCIL (Translation): I know as a fact that in the constituency I represent, the people would condemn this administration. However, this is not the time to discuss politics.

I would request the hon. member for Dorchester, who read to us a long list of requests he addressed to the former Minister of Fisheries, to strongly insist with the present minister that he must grant his requests. If the hon. member can be of service to the fishermen of his native province, they will feel very grateful to him and I trust that before long we shall see him at the head of the Department of Fisheries in which he seems greatly interested. He delivered just now a very interesting speech on the situation existing in Europe and elsewhere. All this is very well, but what we need at present, are markets. The sadest part of it all is that, meanwhile, the people have no markets and we must find them some as soon as possible. Instead of devoting any more time to the question of fisheries—let him blame one government or the other, for they are often both at fault—I think that he should set aside this question of jurisdiction and endeavour to use the influence which he certainly has to convince the hon. Minister of Trade and Commerce (Mr. Stevens) that he must, necessarily, find markets for the products of the farmers and fishermen of Quebec and the other sections of the country.

We have very often heard speeches advocating bonuses to coal, wheat and their transportation. The new trade treaty with New Zealand is almost exclusively to the advantage of British Columbia. The government has made concessions of every description. There are bonuses on Nova Scotia steel, on coal, on the carrying of Western wheat. In a word, all groups who support the present government seem able to exert on the administration an influence which, I am sorry to note by the results secured to date, is not exerted by the Conservative deputation from the province of Quebec.

Mr. Chairman, the hon. member for Dorchester is a talented young man who will probably be called upon to play a commanding part. If he wishes to render a real service to his province, he should assume the leadership of a movement to secure for the mother province of the dominion the help farmers require, for they are the backbone of this country. To repeat the words spoken by one of his predecessors as representative of the Quebec district, I believe: The last citizen to stand under the British flag in Canada will be a French-Canadian. I believe those words are true. The inhabitants of Quebec were the first Canadians, they have remained Canadians and they will so remain for ever. We have a right to expect from the federal government the treatment we are entitled to receive. I trust the Conservative representation from Quebec will bring its influence to bear while it is in a position to do so and holds the balance of power. The present administration would not exist without the Quebec representation. Without the 25 ridings which the Liberals lost in Quebec, the Government would not have attained power. I understand the minister is only directing the Fisheries department provisionally. The member for Dorchester will probably be entrusted with the administration of that department at no distant date. I would ask the members supporting the government to improve their tenure of office by coming to the assistance of the people of Quebec who are greatly in need of it from every standpoint. I will not insist further.

Mr. Chairman, I thank you for the opportunity you have given me to make these observations. I would ask my colleagues who sit to the right to put politics aside, to devote their attention to the real interests of the fishermen, the farmers of the province of Quebec, also to the poor workingmen of the city of Montreal who to-day are out of work and in a most distressing situation, and their number runs into thousands. The administration has a splendid opportunity to come to their help. Let us forget the past, let us face the present and the future.

Mr. RALSTON: I should like to say just a word in reply to the remarks of my hon. friend from Cumberland. I think he will search in vain to find anything I said derogatory to Malagash salt. What I did say was that I had done my very best to assist Mr. Chambers and those connected with him in finding a market for that product among the fishermen of Nova Scotia and that at least some of the men found difficulty in using it.

[Mr. Marcil.]

The objection which I was taking to the sales tax on salt was the objection he has taken, namely that a blow should not be struck at a Canadian industry. The industry to which I am referring is the fishing industry of Nova Scotia, which is to use his own words, 100 per cent Canadian, and which is being struck a blow by this six per cent sales tax on a raw material used in connection with that industry, plus three per cent excise tax. I say the fishermen of Nova Scotia do not deserve that, and in that sense I object to the taxation which is being imposed by this government.

There is one other matter. The minister suggests that the reason the excise tax is not being made applicable to Newfoundland is because of the fear of reprisals. I thought that was the one thing about which this government cared nothing at all. They were going to make a Canadian tariff and enact Canadian laws without regard to what anyone else did. Now it seems they are changing their attitude. I only want to say that I do not want to see the fishing industry of Nova Scotia sacrificed in order to avoid reprisals. I suggested to my hon. friend that the three per cent tax was imposed as an excise tax and not a duty, and was made applicable to Great Britain and the dominions overseas, so it seems to me that it could hardly be regarded as a hostile act if it were made applicable to the dominion of Newfoundland as well.

My hon. friend from Digby-Annapolis paid a high tribute to the record of this government in connection with fisheries. I would not expect my hon. friend to do anything else; he is a loyal supporter of this government through evil times and good, and even though the government did not accept his recommendation and mine with regard to the lobster season—

Mr. SHORT: They did accept my recommendation in part.

Mr. RALSTON: Even though they did not accept his recommendation and mine with regard not to the extension but the restoration of the lobster season, I would not expect my hon. friend to complain. I want to tell him that when the time comes I am quite prepared to discuss with him or with anyone else the record of this government, as compared with that of the previous government, with regard to fisheries. I think he will find that the only two things that have been done by this government—he may know of something more, though I doubt it—in connection with fisheries were the appointment of the Cockfield Brown commission, which made the report to which I

referred this morning, and the adoption of a regulation which provided that trawlers should be marked with a number on the bow of the boat and that the numbers shall be at least eighteen inches in height.

Mr. SHORT: We have been in power only two years, and hon. gentlemen opposite were in power for nine years.

Mr. RALSTON: If those accomplishments are any comfort to my hon. friend—

Mr. SHORT: Wait until we are in nine years.

Mr. RALSTON: —of course he is entitled to it.

Mr. GAGNON: I thank the hon. member for Bonaventure for the kind words he has said about me. The time, of course, is too limited to engage in an exchange of compliments, although I appreciate the one he has paid me. I understood from his words that he wished me to continue reading the letter I sent last year to the Minister of Fisheries. The rest of that letter reads:

With reference to the protection of our waters, I wish to draw your attention in particular to the fact that there exists at present in the gulf and in the northern part of the gulf, a nuisance which causes incalculable damage to our fishers and which will become a menace in the future: porpoises. It has been calculated that their number reaches approximately 100,000 and that they consume 1,000,000 tons of small fish every year. These statistics are astounding. It permits us to doubt the utility and usefulness of fishing regulations as long as the porpoises continue to thrive in our waters in such considerable numbers. They take away more merchantable fish in a week tnan could be taken away by any illegal fishing in many seasons.

In the past the poirpoise schools limited their activities to the entrance of the Saguenay or thereabouts. We are therefore convinced that this section was the home of a very intense maritime life for it was sufficient during many centuries to furnish them the quantity of food necessary for life. No biological research has as yet been conducted in this section, but simple observation permits us to state that it is the point on which converged during centuries many species of fish coming from the Atlantic and from the sources of the St. Lawrence. When this fact is more clearly demonstrated, we must assuredly be convinced that the destruction of porpoises interests the maritime provinces and the province of Ontario as well as Quebec, and that therefore the problem is a national one, and consequently a federal one.

From the fact that the porpoises for the last ten years stay less in the district of the Saguenay than for centuries previous, we must conclude that they no longer find sufficient nourishment, and that the river St. Lawrence is so impoverished by their depredations that they are forced to emigrate towards the gulf. Their destructive work is continually increasing and prevents all profitable fishing operations. It is now common knowledge that many species of fish, which it is claimed go up the river to spawn, have considerably diminished in the last 25 or 50 years.

The government of Quebec undertook to solve this problem but did not succeed; it has, however, become too serious to be abandoned. We can but conclude that the federal parliament alone must see to the removal of a danger which threatens the whole of Canada. When it was a question of lessening the harmful effect of dogfish and seals, etc., affecting the fishing industry of certain provinces, the federal government deemed it proper to intervene; it cannot ignore the problem caused by the presence of porpoises in our waters. Since it concerns the future of the St. Lawrence, the problem is serious enough to warrant the attention of the federal government, on whose part action or cooperation is essential.

In concluding I submit that the federal government, even though the agreement of 1922 be not revised and remain as it is at present, must, in Quebec as well as elsewhere, join in finding a solution for all our fishing problems, and that we also have all possible reasons to claim the organization by it of a modern, competent fishing service, well furnished, and which the provincial government cannot render complete for different reasons.

There exist, I am perfectly convinced, many gaps in our fishing administration, a field of great enterprise where the influence of your department could be beneficently employed and which demands its intervention. To arrive at a practical result I can suggest nothing better, in the first place, than the establishment of a local fisheries bureau in order to establish a contact with our population. This bureau would be the starting point for many other useful enterprises which would develop in due course.

I attach a great importance to the question which I have tried to lay before you, and dare to hope that you will give this problem your prompt and serious attention. I do not doubt that all the members of the province of Quebec will give it their enthusiastic approval.

Hoping to have the occasion of discussing this matter with the expert of your department,

I beg you to accept, dear Mr. Rhodes,

my kindest regards,

O. Gagnon.

This letter was sent in April, 1931, and I was pleased later on to see that my recommendations were included in part, although in different terms, in the memorandum submitted to the provincial government in March, 1932, by the fishermen of Bonaventure, Gaspe and Saguenay. I can only repeat now to the minister, who loves his province so well and who knows the condition of the fisheries there, the demand I made to his predecessor, and ask him to try his best to remedy the detrimental situation which was brought about by the transfer of maritime fisheries to the government of Quebec in 1922.

As the hon. member for Bonaventure said a moment ago, in the province of Quebec there is an abnormal situation. The federal government has transferred the whole of the maritime fisheries of the St. Lawrence river to the provincial government; nevertheless, it kept under its supervision and control that part of the maritime fisheries pertaining to the Magdalen islands, which, as you know, belong to the province of Quebec. We find, therefore, on the one hand, that the maritime fisheries of the province of Quebec in the St. Lawrence river have been transferred to the government of that province, while on the other hand, the maritime fisheries in the gulf of St. Lawrence have been transferred to Halifax, because the fisheries of the Magdalen islands in the gulf of St. Lawrence are under the control of Nova Scotia.

It appears, therefore, that this agreement, which was entered into, is not only illegal and ultra vires but is absolutely ridiculous, and it is detrimental to the interests of the fishermen. I appreciate the fact that the minister cannot immediately put an end to that agreement, because it is bilateral: both the federal and the provincial governments are committed to it, so that without first having received a request from the provincial government for its abrogation, the minister cannot put an end to it. I have in my hand documents showing that the provincial government does not at present wish to have the agreement abrogated, but if that is not possible just now, owing to the fact that the government of the province of Quebec does not wish it, nevertheless I think we ought to do something for the fisheries of that province. And one thing which in my opinion is absolutely necessary is the establishment of a fisheries office in Quebec, which would begin to supervise conditions in the province, make a thorough investigation and suggest to the government the proper steps to be taken to meet the situation that exists there.

A moment ago my hon. friend from Comox-Alberni showed some surprise at the figures I gave. I have here the figures showing the revenue of the fishermen of Canada for the year 1930, and I find that the per capita revenue in British Columbia was $1,194.

Mr. NEILL: Who says that?

Mr. GAGNON: I am giving this from the statistics for 1930.

[Mr. Gagnon.]

Mr. NEILL: But who says it?

Mr. GAGNON: As my hon. friend knows, the Year Book is published by the Department of Trade and Commerce, but the articles are not signed. But these figures have been compiled by the technicians and experts of that department. They were taken from the memorandum submitted to the provincial government by the fishermen of Bonaventure and Gaspe. I did not invent these figures myself; they were quoted in the memorandum submitted by the fishermen who asked the provincial government to do something to put an end to the illegal agreement which was entered into in 1922. As I say, the per capita revenue of fishermen in British Columbia for the year 1930 was $1,194, whereas in the province of Quebec it was only $206. According to the officials of the department, during the last ten years the annual average revenue of the fishermen of Quebec has diminished rather than grown. In 1920, the average earnings were $398, while by 1930, they had dropped to $206.

I do not wish to take up the time of the committee any longer except to say that I respond to the invitation given by the hon. member for Bonaventure (Mr. Marcil) who stated that I ought to ask the government to help the fishermen and farmers of Quebec. I do not intend to ask hon. members to read my speeches, but on April 15 last I was courageous enough to ask the government of the day to do for the eastern farmer as much as it was doing for the western farmer.

Before taking my seat, I ask the minister to try to satisfy the fishermen of Quebec and establish a fishery bureau which I know will prove to be as useful as similar establishments which have been created in connection with other departments, especially the Department of Agriculture. On April 15 last I stated that dual establishment, dual legislation and dual administration in connection with the same subjects were not in the interests of the people. It is absolutely against the public interests for the government of Quebec and the federal government to devote their energies concurrently to the same subjects, but we cannot change the situation brought about by confederation. This situation can be remedied only by calling together as soon as possible a provincial conference to study ways and means of preventing dual

administration. Until this conference takes place or until other steps are taken to remedy the situation, I think we ought to do for fisheries what we have done for agriculture and other industries.

While it is true the federal government has transferred the administration of fisheries to the province of Quebec, it should still take an interest in the fishermen. Notwithstanding the sympathy the provincial government may have for the fishermen, notwithstanding its desire to help fishermen in general, it is unable to solve the problem. The problem of the fisheries is not only provincial in character, it is national and even international. Every year fishermen come from Newfoundland to fish along the coast of Charlevoix-Saguenay and Gaspe. The provincial authorities are unable to put a stop to this practice; the provincial government has no authority to take any steps to remedy the situation. In 1922 the federal government had a boat equipped for this service, which boat was managed by experts. The gentleman at the head of that particular branch of the department in Quebec was Doctor Bernier, who has a wide knowledge of all questions affecting the fisheries. This gentleman has been in the department for almost ten years and has rendered great service to the fishermen.

I think I have spoken long enough, and I thank the hon. Minister of Fisheries for listening patiently to my remarks. Should he receive a letter from the provincial government, I ask the minister to rise above party prejudices and recognize that this is not only a provincial problem but rather one that is national in scope. I ask him to forget party differences and to do his best to help the provincial authorities in this regard.

Mr. VENIOT: Mr. Chairman, I have listened with a great deal of interest to the hon. member for Dorchester (Mr. Gagnon) and to the attack he made upon the administration of fisheries by the government of the province of Quebec. Whatever may have been his object in making that attack he certainly was far afield in his comparisons to show the results of the administration. The hon. member pointed out that in 1930 the earning capacity of the average fisherman in British Columbia was $1,194 as compared with $206 for the average fisherman in Quebec, but he failed to throw the proper light upon this subject by giving the earning capacity of the average fisherman in New Brunswick and Nova Scotia, where the fisheries are under the control of the federal government. If he had given those figures the committee would have seen that the same conditions prevail in New Brunswick and Nova Scotia that he says prevail in Quebec.

The hon. member stated that every fall fishermen from Newfoundland come and fish in Quebec waters but he knows quite well that the vessels do not come for fish; they are engaged in the sealing business. The hon. member should have told the committee that under the decision of the privy council the province of Quebec has absolutely nothing to do with fishing outside the three mile limit; that is entirely under the jurisdiction of the Dominion government. He should also have told the committee that so far as regulations for the administration of fisheries are concerned the provincial government has nothing at all to do with the laying down, the adopting and the putting into force of regulations for the conservation of fisheries. That matter is under the jurisdiction of the federal government, and althought the provincial government has taken over the care of the fisheries, in the final analysis it has nothing to do with passing or adopting regulations for the conservation of fish.

Mr. GAGNON: That is exactly what I said.

Mr. VENIOT: Far from it. Having referred to the inconsistent attitude of the hon. gentleman in connection with his comparisons, let me now come to another point.

I wish it to be distinctly understood that any remarks which I have made in connection with Malagash or any other salt manufactured in Canada were not made with the intention of knocking the industry.

Mr. MACDOUGALL: The hon. member knows nothing about it.

Mr. VENIOT: The hon. member says I know nothing about it, but he knows less. If the hon. gentleman had wanted to be fair in dealing with the salt question he would have told this committee that complaints have been so numerous in connection with the use of Malagash salt that the government has instituted an investigation to be carried on by the biological branch. That branch has not as yet obtained sufficient evidence to permit its submitting an official report. It would never have been called upon to make this investigation—

Mr. MACDOUGALL: Will my hon. friend place himself on record as being opposed to the use of Malagash salt by the fishermen of Nova Scotia?

Mr. VENIOT: I am not talking about the fisheries in Nova Scotia.

Mr. MACDOUGALL: No, the hon. member is talking about salt and he is opposed to Malagash salt.

Mr. VENIOT: I say that at present the fishermen cannot use Malagash salt to advantage.

Mr. MACDOUGALL: The hon. member is trying to destroy that industry.

Mr. VENIOT: Let the hon. gentleman hold his peace.

Mr. SMITH (Cumberland): I think the hon. gentleman was in the house when I read a telegram from the fisheries experimental station at Halifax.

Mr. VENIOT: Yes, I was, and I am talking about the biological board.

Mr. SMITH (Cumberland): That is under the biological board.

Mr. VENIOT: The hon. gentleman read a telegram from that station. He should have procured his information from the Department of Fisheries. As he is in Ottawa, he needs only to call up by telephone to find out what the report in that department is. That is the official report and it is what should have been read in the house rather than these telegrams. Let me proceed: The hon. gentleman read a letter from the McCormack firm in St. John, but he told the committee that they were putting up smoked herring and gaspereau. I have no complaint to make against Malagash salt in the conservation of smoked herring and gaspereau.

Mr. MACDOUGALL: The hon. member is now taking back what he said.

Mr. VENIOT: Will the hon. gentleman kindly keep his peace Mr. Chairman, I think I am entitled to order. I am taking nothing back. I do not have to do so.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): I should like to call the attention of the committee to this rule:

> Sometimes there are a number of items in a resolution. Each item may then, if the committee think proper, be taken up as a distinct question, and so discussed and amended. The debate in such a case must be strictly relevant to the item, and when it has been disposed of, no reference can be again made to it when the subsequent items are under consideration.

This item refers to salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services. I think the debate has gone somewhat far afield and I would ask hon. members to confine themselves to the item before the chair.

Mr. VENIOT: I agree with you, Mr. Chairman, but when I am hitting back at arguments that have been advanced all afternoon, I do not think you should shut me off. I intend to continue meeting those arguments until such time as the chair orders me to sit down. I do not intend to take up much time if the hon. member for Inverness will just hold his peace for a while and let me proceed.

I was referring to the letter read from the McCormack firm in Saint John. They put up smoked herring and gaspereau. They admit that the brine derived from Malagash salt has a scum over it. That will not injure the smoked herring, nor will it be noticed after the herring is taken out of the brine and prepared for the market by smoking, nor will it injure nor detract from the value of the gaspereau treated in the same way. By that scum and by the colour it leaves on the salted cod, there is injury done not so much to the cod salted and prepared for drying and dried for the market as to the cod caught and put up in the fall of the year, what we call half-prepared or half-cured cod for the Brazilian, Italian and Portugese markets. That is where the Malagash salt becomes injurious to the cod fisheries of northern New Brunswick.

Mr. MACDOUGALL: Will the hon. member permit me a question?

Mr. VENIOT: No, I will permit no question.

Mr. MACDOUGALL: How long is the hon. member going to continue this?

Mr. VENIOT: Sit down!

Mr. MACDOUGALL: I shall not. I do not want to have an industry in Nova Scotia blackguarded by the hon. member or anyone else who does not know what he is talking about.

Mr. VENIOT: I want that word "blackguarded" taken back.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): I think that word should be withdrawn.

Mr. VENIOT: I want it withdrawn now.

Some hon. MEMBERS: Go ahead.

Mr. VENIOT: Withdraw.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): I think the hon. member should withdraw that expression "blackguarded."

Mr. MACDOUGALL: I do not wish to see a member from New Brunswick decrying an industry that is capable of development.

Mr. VENIOT: That is not a withdrawal.

Mr. MACDOUGALL: I do not wish to cause any trouble, but I want to see this industry developed in Nova Scotia and I am sure no member from one of the other maritime provinces would try to oppose its development.

Mr. VENIOT: I want that word "blackguarded" withdrawn.

Mr. MACDOUGALL: Certainly, I withdraw it, but the hon. member is not doing anything to assist the development of the industry in Nova Scotia.

Mr. VENIOT: I am not decrying the Malagash salt industry, but I am just as much concerned in defending the rights of the fishing industry in my province as the hon. member from Nova Scotia is in defending the industry in his province. If we are compelled to bring in Malagash salt and use it in the fishing industry in New Brunswick, the use of that salt will lessen the value of our cod on the market because of the discolouration that takes place in the brine. Everybody admits there is a scum and that scum will discolour, especially the cod caught late in the fall of the year. That cod should be almost perfectly white in order to command on the market the price that it should receive. The price is diminished by reason of the fact that that white cod is discoloured by the Malagash salt. That is the only objection I have to its use; I am not objecting to its use in the conservation of herring.

Mr. SMITH (Cumberland): I think it was admitted in one of the telegrams I read from a firm that they found this sediment or discolouration material, but they have abandoned that seam and are working a new seam which is absolutely clear and without sediment.

Mr. VENIOT: I have no proof of that to warrant any person using it and that is the reason, if I mistake not, that the Department of Fisheries ordered an investigation of which they have not yet received the final report. I am positive that if the time comes when scientific research shows that that sediment no longer exists, our New Brunswick fishermen will use the Malagash salt. But they will not use it in any quantity until they are sure that its use is not going to destroy the cash value of the product they put on the market. That is all I wish to say now in respect to that or anything else connected with the fisheries.

As regards the sales tax and excise tax we shall discuss them on their merits in their proper place, when they come before the house.

Mr. DURANLEAU: I wish to say only a word of explanation. I do not intend to make long comments on all the statements made by the different speakers, but I consider the hon. member for Dorchester deserves our congratulations for the able speech he made to the committee this afternoon. He is keenly interested in the fishing industry in this country. At the beginning of his remarks, he asked the Minister of Fisheries whether any communication had been received from the Minister of Fisheries of Quebec in regard to the cooperation that was suggested by a resolution adopted by this house about a month ago. I answered, not to my knowledge. I was speaking from memory and, of course, subject to correction. Since the question was put, although it is Saturday afternoon, I had somebody call at my office and make a search, and my secretary tells me that during the first days of May a letter was received from the Minister of Fisheries in the province of Quebec, Mr. La Ferte, relating to the resolution which was adopted by this house and to which I referred a moment ago, and stating that there were difficulties in the way of the administration of fisheries in the province of Quebec, and asking for the cooperation of the federal authorities on the lines suggested by the resolution. I want to make that correction immediately in order to be fair to the Minister of Fisheries in the province of Quebec.

Mr. POWER: If the hon. minister had only known that two hours ago we might have got nearer to prorogation.

Mr. DURANLEAU: This matter has been left in abeyance pending the end of the session, which has been expected from day to day during the last few days. I can assure the committee that as soon as we are relieved of the heavy work of the session I shall immediately take the matter up with the Department of Fisheries at Quebec, and any assistance or cooperation that can be given by this government to the province will be given. I can understand that the duality of administration of fisheries in the

province of Quebec makes the situation perhaps somewhat difficult, but nevertheless we will do our utmost to help the provincial authorities with a view to ameliorating the situation in the interests of the fisheries of that province.

Mr. BRADETTE: I certainly do not feel like making any apology for saying a few words about the fisheries of the central part of Canada after all that we have heard about the fisheries of the maritime provinces, of Quebec and of British Columbia. It may surprise some hon. members to know that there are deep sea fish in the waters of Hudson bay and James bay. The hon. member for Dorchester (Mr. Gagnon) accused me of not knowing anything about fish. I may not know as much about fish as he does, but nevertheless I believe that the report that was made in 1930 on the fisheries of Hudson bay is not a fair report. I protested against it last year to the then Minister of Marine, and he promised that a further inquiry would be made when a proper base for operations was established. There is now no longer any need for delay, for Fort Churchill can be used as a base for fishing operations during the whole summer. I believe that in what I am going to say on this matter I shall have the backing, as I had last year, of the hon. member for Nelson (Mr. Stitt). We who live in northern Ontario or northern Quebec or northern Manitoba know that there are not only fresh water fish in the river estuaries but also salt water fish in the waters of the Hudson bay and James bay. Last year the Minister of Railways told me that he was willing and ready to cover with gold any deep sea fish that would be caught in the Hudson bay waters, and I believe that I am going to be a wealthy man, Mr. Chairman, because now we have positive proof that there exist in the Hudson bay and James bay deep sea fish. I quote from the Ottawa Morning Journal of September 12, 1931, a Canadian Press despatch by direct wire:

> The Pas, Man., Sept. 11.—There is a great future for the fishing industry in Hudson bay, in the opinion of John Ingebrechtson, who with a crew of eight men sailed a 30-foot fishing smack over Canada's inland sea this summer.
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> Four samples of commercial fish taken by net from the waters of the bay have been forwarded here by the experienced fishman together with a letter telling of his experiences. The most prolific species of fish encountered, he wrote, is a pink salmon of fine quality. His men hauled in several hundred pounds of salmon in one fishing field far north of Churchill, and there was apparently no limit to the quantity there.
>
> The nine men left The Pas on May 27, with their small craft, which was launched at Churchill early in June. The crew spent three months on the bay testing various fields. For the most part their efforts were confined to waters north and northeast of Churchill, and they did not visit the southerly portion.
>
> The first profitable field was found two hundred miles north of Churchill, where salmon ranged two and a half to three feet in length.

I commended the government for appropriating in 1930 a certain amount of money for making an inquiry into the fisheries in Hudson bay. I criticized the report that was made of the operations then conducted and the very small amount of time that was spent in fishing operations. I am going to quote one paragraph of that report. It is entitled: "A preliminary report of the investigations of the Hudson bay and strait fisheries expedition of 1930 by H. B. Hachey, officer in charge." Speaking of the time spent in actual fishing operations the report says:

> The record of fishing operations furnishes the particulars of the actual fishing done. Hand lines were used at several points for seven hours and fifteen minutes.

Seven hours and fifteen minutes to cover an area of seven hundred square miles of salt water! The report continues:

> Drift-bets were used for twelve hours. Long lines were used for two hours and fifty-five minutes, and trawling operations were carried on for fifty-seven hours and fifty minutes. As a result of the total work covering the whole of Hudson bay not a single commercial fish was taken.

I objected to that report last year, as did my hon. friend from Nelson because it would be absolutely impossible in that length of time to discover the actual situation in Hudson bay. I appreciated the promise of the Minister of Railways last year that other parties would be sent to find out what was the actual situation in Hudson bay with regard to fish. I have in my hand a clipping from the Kapuskasing Tribune of last year to the effect that aeroplanes were heading for James bay, and later on they landed at Moose Factory, where fisheries were going to be developed. The despatch goes on:

> During the first week of April a second plane visited Moose, this time alighting on the Moose harbour side. It brought in a party of the Moose River Fishing Syndicate, who have established themselves at this point.

Last fall in speaking of this matter with some of the officials in Cochrane and North Bay the mining engineer of the Temiskaming and Northern Ontario railway told me that there was a report in the hands of the federal government with reference to certain investigations that had taken place in years past with regard to the fisheries in the Hudson bay, and after making inquiry I received a copy of this

report from the Department of Fisheries. It is entitled, "Reports on fisheries investigations in Hudson and James bays and tributary waters." I am going to make a few citations so that the house will realize that there are both fresh water and salt water fish in Hudson bay. I wish to remove any wrong impression that there may be in this regard. It has always seemed strange to me that whenever new developments are proposed to be undertaken in that northern country there are people who view the proposals with skepticism. I remember the campaign that was conducted against bringing the Temiskaming and Northern Ontario railway through the territory through which it now runs, which was described as a country of stunted poplar and bottomless muskeg. The same skepticism is observable to-day with regard to the natural resources in Hudson bay and James bay.

Mr. RYCKMAN: What is the date of that report?

Mr. BRADETTE: 1914. At page 24 the report, speaking of codfish, which is a salt water fish, says:

> Cod are known to occur in Hudson bay. A few schooners from St. John's fish in Hudson straits and Ungava bay every year. There would apparently be, therefore, no reason why these fish should not exist in larger quantities than have yet been found.

As I stated a moment ago, the operations that were conducted in Hudson bay in 1930, covering only a few days, were too brief to allow the real situation to be discovered. They had to cover seven hundred square miles of water in a period of about two weeks. At page 34 of this report I find this:

> The other species of the west coast are not of a great deal of economic importance; rock-cod occur in the bay and it is said that the true cod does also, but there is no record of a single specimen of either of them ever having been found on the west coast.
>
> Besides the strictly fish wealth, there are other forms of marine life possessed of considerable value; one such is the white whale, another is the seal. The former occurs in great numbers and as he is quite valuable for his oil,—of which he yields 100 gallons each, it may be expected that an industry founded on his products will develop as soon as the market is brought near enough to the place of production. The seal is not the fur seal but its hide makes extraordinary waterproof bags, boots, gun-covers, and so on.

I could give many other quotations from this report proving clearly that there are salt water fish in those waters. Speaking of seals the report says:

> At certain periods, notably in September, when the fish enter the rivers, seals follow them up. In the western portion of the bay visited they all appeared to be of one species, which I take to be the "barbed seal," Erignatus barbatus. I shot three of them, but unfortunately secured only one which floated some days later and was partly eaten by bears.

This proves that there are fish in commercial quantities in Hudson bay. I believe the administration is sympathetic towards the development of this great natural resource. In the report of 1914 it was said that it was almost impossible to develop any fisheries in Hudson bay because of the lack of communication; but to-day with the Temiskaming and Northern Ontario terminus at Moosomee and the Hudson bay railway terminus at Churchill, a twenty-four hour service could be given to the markets of Montreal and Toronto for any fish caught in James bay and Hudson bay. I hope the government will find it possible to extend the exploratory work that they so well started in 1930. Last year the present Minister of Finance said that once a proper basis was established at Hudson bay this exploratory work would be extended. As I have already stated, with these two railroad terminals, it would be very easy to continue the survey work with a few flat-bottomed boats, and to test the commercial possibilities of the fisheries by the use of one or two trawlers stationed at those points. I know that the Minister of Railways, although a northern Ontario man, does not believe very much in the fisheries of Hudson bay.

Mr. MANION: I understand my hon. friend quoted me a few minutes ago when I was not in the house. I should be glad if he would tell me what he said.

Mr. BRADETTE: I suppose the Minister of Railways was speaking in a jocular vein, but towards the end of last session when we were going up in the elevator he told me he would pay their weight in gold for any salt water fish caught in Hudson bay.

Mr. MANION: I take exception to that statement. I never in my life, either in a private conversation or publicly, said anything of the kind. If my hon. friend desires to quote my views with respect to the fishing possibilities in Hudson bay, I wish he would rely on a speech or public statement of some kind, because I do not care to be quoted on the strength of some conversation, whether real or imaginary.

Mr. BRADETTE: Then I will take those words back, although I think they were uttered. I told the minister at the time that I hoped he would be wealthy enough some day to make good his promise. I am glad to realize that the Minister of Railways thinks there are salt water fish in Hudson bay.

Mr. MANION: Not only do I believe there are salt water fish in Hudson bay, but when at Churchill last summer I very much enjoyed eating some presented to me by the member for Nelson (Mr. Stitt).

Mr. BRADETTE: I am very happy to have my views corroborated by the Minister of Railways, who says he has actually eaten some salt water fish taken from Hudson bay. This is absolutely in contradiction of the statement made in the report of 1930, that not a single fish of commercial value had been caught. That is why I object so strongly to that report, which is a slur on the fisheries of the whole of northern Canada. Surely anyone looking at that great inland sea would never conclude that Providence had not blessed it with a single fish of commercial value. I believe the new minister has the development of our fisheries at heart. In northern Ontario we are inclined to think that the maritime provinces and British Columbia—at least that is the talk on the street—are afraid lest the fisheries in Hudson bay may be developed to their detriment by reason of the railroad service that is now available. I hope the minister is now in a position to promise that effective steps will be taken in the very near future to develop these fisheries.

Mr. DURANLEAU: As I did not expect the question of the Hudson bay fisheries would be discussed this afternoon, I am not prepared to answer my hon. friend in detail. I am told that we could not send any important fishing expedition to those waters until in 1930 a cold storage base was established at Churchill. Then we hired a trawler with the best captain and crew we could get, and instructed them to ascertain whether there were fish in commercial quantities in those waters. My hon. friend contends that they did not fish long enough to be able to make a conclusive report. I am told that the trawler was sent there in the middle of July and remained until the end of August; that is, the trawler was there as early as possible in the season and remained as late as possible. Of course, the crew could not work very long hours, but I am told they did their best to ascertain to what extent there was fish sufficient to develop an industry. As long as I am in control of this department I promise my hon. friend that I will examine the possibilities of doing something more along the lines already attempted.

Mr. ILSLEY: The hon. members for Shelburne-Yarmouth, and Digby-Annapolis and the Minister of Finance made some reference in their speeches to the proposed sales tax on coverings. This is a matter of very great importance not only to the fishermen, but also to the farmers, fruit growers and others who have to purchase barrels and similar containers. The hon. member for Shelburne-Yarmouth stated it would be impracticable for the fishermen who placed their catch in barrels to get a refund because it would be utterly impossible for any particular seller of fish who did not himself export them to determine in what proportions they were exported and sold for domestic consumption. I have brought this problem to the attention of the Minister of Finance by correspondence, as he knows. I have set out in detail the great difficulty which I think there will be in operating the refund provisions of the sales tax proposals with regard to barrels for apples and potatoes, and I do not want to say anything more about it now except this: I hope the Minister of Finance, when the ways and means resolutions are reached, will explain to the committee how these refund provisions can be operated. I hope he will drop the tax on coverings, because I do not see how it can be productive of anything other than injustice. I am not speaking now particularly of the burden; I am speaking of the impossibility of the refund going to the people who pay the tax, and I trust the minister will go into that matter fully so that the primary producers, whether they be those of farm or sea products, will know what steps to take to get back the sales tax they pay on the ceverings of that part of their product which is exported from the country, because that is the intention of the provisions.

Mr. STITT (Nelson): I am glad to join with the hon. member for North Timiskaming, who made such an eloquent plea for a further investigation of the fisheries of Hudson bay. I spoke on this matter last year, and I think I furnished the department with sufficient information to satisfy anyone as to the existence of fish in large quantities in Hudson bay. I do not depend entirely on documentary evidence; I have lived in that country for eighteen years, and I think I know something of its resources. I had occasion again this year to write the minister asking him to carry on a further investigation.

Last year an investigation was carried on by a party from The Pas, who took out a small boat thirty-four feet long, with an inboard motor of about eight horsepower, and cruised up and down the bay. They caught about all the fish they could possibly bring in. Now they have gone about as far as they can go and now they need some help. I

asked the minister if the department could not see its way clear to send in a trawler to make a proper investigation by cruising down one side of the bay and up the other. His reply to me is rather painful. I do not know where the minister gets his information; I realize that he is new to the job and possibly the game is strange to him, but I must say that whoever supplies his information do not know very much about fishing in Hudson bay. In one paragraph of his letter the minister states:

> My advice is that there never has been any question that fish exist in the portions of the bay about the estuaries of the rivers. The investigations made in 1930 bear this out. These fish are from the lakes and rivers that are tributary to the bay, as in these northern latitudes practically all the fresh water fish run down the rivers into the salt water during the summer months.

That is the paragraph to which I wish to take exception. In all fairness and in all kindness I wish to say to the minister that if he expects me to take a statement like that lying down he does not know the member for Nelson. The men who were carrying on this investigation last year, as I said, got a boat load of true salmon, not salmon trout. The Minister of Railways has told the committee that he had a treat when he ate some of this fish, as well as some of the herring that have been caught there as well. As a matter of fact the herring the minister ate was taken from the water by myself and delivered to his car, so it was really fresh when he got it. Of course the salmon was salted, as the fishermen could not keep it. After doing some local work around Churchill, where, however, they could not expect to get many fish because of the dredging, they took this small boat and cruised about two hundred or two hundred and fifty miles up the bay. For the benefit of the committee I will read one or two extracts from the report. On the 18th of June they caught 210 pounds of salmon around the harbour, and after that they sailed up the bay almost as far as Chesterfield inlet. On that trip they caught 1,150 pounds of salmon, 3,430 pounds of salmon trout and 2,060 pounds of cisco, which is a type of herring. The report continues:

> Having caught their load around Sentry island the Utto Sverdrup continued north to make further explorations. They went as far as Dawson inlet, which lies approximately fifty miles to the north of Eskimo point.

That would be about 200 miles north of Churchill.

> In the Dawson inlet region they again caught salmon. Likewise they caught a few cod as they did further south. They did not remain long in this region but prepared to return to Churchill with their load.
>
> All along the coast the bay waters are full of capling, a species of the herring family. It is believed the white whale feeds almost entirely on these. The salmon and the cod feed on them also.
>
> These capling were to be found wherever they sailed. In places where they anchored in shallow water and could see to the bottom, in some instances a depth of 20 feet, they sighted immense schools of capling.

With reference to this trawling expedition that went into the bay I appreciate the efforts of the government in that connection. I think they were sincere, but whoever instructed that trawler certainly did not know very much about Hudson bay. They were instructed to go to the centre of the bay and cruise up and down in water hundreds of fathoms deep. These are bank fish, as they are in Nova Scotia and everywhere else, and that trawler should have cruised up and down the banks on the east and west side. The minister has stated that this was the very best captain and the very best boat obtainable. I have nothing to say in that regard, but in my opinion it was more of a Cook's tour than a fishing expedition. They were very well stocked with something that brought them lots of cheer, and I am credibly informed that some of it was sold around Churchill at a very good figure. So after all this trawling expedition which has been mentioned so often was only a number of men having a good time at the expense of the government. I do not blame the government for that, however; I think they were sincere in their endeavour to locate fish.

The east side of the bay, which is in Quebec and in which hon. members of that province will probably be interested, has a shore line of approximately 1,200 miles. There is deep water on the east coast and it is said the fish are much more plentiful there than on the west coast, but when I am told by the minister that the fish go into the fresh water and that they are fresh water fish, all I can say is that whoever gave him that advice did not know what they were talking about. They are not fresh water fish; they do not go into the fresh water lakes in the winter, after spending the summer in the bay. Neither do the white whales, of which there are thousands, go up into fresh water; neither do the seals, of which there are also thousands. These are both the small hair seals weighing from 25 to 50 pounds and the great grey seals weighing up to 750 pounds. The same applies to all the other mammals. Often you will see as many as 200 walrus weighing up to a ton each, on the islands along the east coast. These mammals live exclusively on fish, and I think it is quite reasonable to suggest that if there were no fish in the bay,

these seals, walrus and white whales would not be there. At any tide at Churchill or Nelson you can see from a hundred to a hundred and fifty white whales coming in; I have seen as many as a thousand come in with a shoal of these capling which they were chasing. So that it is utterly ridiculous to say that these are fresh water fish that simply run down the bay in the summer and go back into the fresh water lakes to spend the winter. I trust that the minister will make an endeavour to correct that foolish statement. I should very much regret to have such a statement made to anybody else besides myself, because it would certainly make him and his department appear very foolish.

I might read an extract from some of the evidence given by Doctor Edward E. Prince, former Dominion Commissioner of Fisheries. As government inspector of fisheries, he knew what he was talking about, I take it. At page 43 of the report of the Senate investigation in regard to Hudson bay and strait, Mr. Prince states:

I have for twenty-five years paid special attention to Hudson bay fishery resources. I have been to Nelson river, north of the Pas, and west, in what you might call the basin of Hudson bay. I went overland, not by Hudson strait.

In regard to fish, he says:

The true salmon does not appear to be frequent in Hudson bay. Its northern limit is, I think, Ungava bay. The Hudson bay salmon is called Hearn's salmon, after the British explorer Hearn, which runs from two to eighteen pounds. They are very abundant; they are a migratory fish and go in and out into the bay and up the rivers again. . . . Then there is a sea trout and flat fish. There is also the large white fish. White fish are typical fresh water fish, but in Hudson bay quantities come down and hang about the estuary. They are valuable food; they range up to six pounds. Then there is the lesser white fish, sometimes called herring, corresponding to the so-called lake herring, which are quite abundant. They are better than the sea herring, having less bone. Then there are gold-eye herring and true herring, and ling. Ling belongs to the cod family. It is a very ugly fish with a large head, something like a white fish.

This is from one who was an officer of the minister's department. I could go on reading documentary evidence for the next two hours, but all I ask the minister to do is to make a further investigation and find out for his own information and for the benefit of the government and of the country as a whole, just what exists in that bay, which is 750 miles long and 500 miles wide.

In regard to fish, the captain of one of the grain boats told me last fall that outside the strait he saw French and German vessels fishing. He informed me the French vessels were always there but that, so far as he knew, that was the first time any German vessels had come there to fish. I do not think it is an unreasonable inference that these vessels were attracted to those fishing grounds because of the good catches they could make, for they would hardly come all the way from Germany and France merely for the sake of the scenery. They were there because the fishing was good. I am not familiar with the east side of the bay, but I have here an article that appeared in the Northern Miner, by Louis Martineau, who told of his experiences covering twenty-eight years in that country. I will read one or two extracts with reference to fish. He says:

The salmon fisheries on the east side of the bay could easily support two large canners, Mr. Martineau stated. He had caught 100 salmon in an hour with hook and line, and at the rivers they could be readily scooped out of the water with paddles.

Lobsters and other crustaceans are found on the east coast for one thousand miles, and Mr. Martineau has also picked up oyster sheils, which would indicate beds of these bivalves. There are other mussels of all kinds in abundance. The lakes are full of salmon, white fish, and even eels are fairly plentiful.

Seals are in Hudson bay by the millions, said Mr. Martineau, seals of at least half a dozen varieties. There were the great grey seals that weigh up to 500 pounds, other varieties that go from 50 to 125 pounds in weight, and the small seals that weigh from 15 to 30 pounds.

Walrus are numerous in some sections, and because of its extreme thickness the hides are sought for making the heaviest machine belting.

Porpoises abound in the bay and there are easily enough of them there to break the United States monopoly on the extremely fine oil that is extracted from these fish, and that is used for watches and extremely fine precision instruments.

I do not need to go further, but I hope the minister will make it his business to get first-hand data before he writes more letters like the one to which I have referred, as he might innocently do that district a great injustice if it was circulated.

Mr. MacLEAN: There is a vote of $11,000 for oyster culture, and I may tell the minister that we have been proceeding with this work in the province of Prince Edward Island for the last few years. In 1928 an agreement was entered into whereby the federal government took over and started to develop the great oyster areas which we had had there for a number of years. In 1924 a similar agreement had been drawn up, but it was never signed by the department. The 1924 agreement was prepared by the Hon. J. D. Stewart and the members of his provincial cabinet, and the present minister (Mr. Duranleau) was good

enough to send me from his office copies both of that agreement and of the later agreement made in 1928. The two agreements are practically identical. I do not think there are any powers in the one which cannot be found in the other. The point with regard to which I should like to have some information from the minister is in connection with the policy of the department. Clause 9 reads exactly the same in both agreements. Let me quote it:

> The dominion shall inform the province as to any policy intended to be adopted by the former for the encouragement and development of the oyster or other mollusc industry as soon as such policy is decided upon, as well as of any changes that may from time to time be made in such policy as such changes are decided upon.

Under that clause, when the federal Department of Fisheries decided upon a certain policy, whether in respect to leasing areas or anything else, it was intended that before putting such policy into effect they should consult with the provincial government for their approval. I understand that last season the department decided on the policy of leasing areas, and that before they embarked upon that policy, in conformity with section 9, which, as I say, is the same in both agreements, they consulted with the provincial government. After that consultation they proceeded to lease areas.

No doubt either the minister or his deputy is familiar with both agreements. Is it the minister's opinion that the two agreements are identical in the powers they contain, or does he think that there are in either agreement certain powers that are not conferred by the other? So far as I can find out, both agreements are the same. I have before me copies of both, and after examining them carefully I cannot find any difference between them so far as the powers they confer are concerned. I should like to know from the minister whether his department consulted with the provincial authorities last year, and whether as a result of that consultation they proceeded, in accordance with the terms of section 9 of the agreement, to lease areas as the policy of the department.

Mr. DURANLEAU: My information is that there was a consultation between the Department of Fisheries and the authorities on the island before these notices for leases were issued, and it was agreed that the policy would be as outlined in the notices published in 1931 in the Charlottetown Guardian, the Patriot and other papers.

Item agreed to.

To assist in the conservation and development of the deep sea fisheries and the demand for fish, $136,000.

Mr. NEILL: Mr. Chairman, I desire to say a few words on this vote. I ask the minister to consider instituting a policy of bonusing for the processing of dogfish. I realize that the granting of bonuses is a common thing nowadays, and I think in this case it is fully justified. Dogfish are worse than sharks as far as destructive powers are concerned. They not only eat fish but they destroy the nets. Sharks will destroy a net if they happen to get into one, but they do not frequent the waters where the nets are ordinarily used.

I should like to cite an instance of a reduction plant which made an effort to reduce the number of these fish. This plant was conducted by a cannery company in an effort to keep its men employed. No charge was made for overhead but it was found there was a loss of $2 per ton on 3,200 tons of fish processed. Patriotism is all right but when it comes to a loss of $2 per ton it cannot be kept up very long. This plant spent $27,000, and in addition it expended $7,000 for white labour. Some $15,000 was spent for fish, some of which were caught by Japanese. The continued operation of such a plant would not only keep men employed in these days of unemployment but would prove of great benefit to the fishing industry. The argument is often used that dogfish are all over the Pacific, and I suppose in the Atlantic, and that it would be about as useless to try to kill them off as it would be to pump out the ocean. That seems to be a plausible argument but I think real experience shows otherwise. The waters of the ocean are not inhabited by so many fish per square mile or square yard; the different fish frequent certain areas and if they are destroyed in that area their absence is noticed for quite a long while. A reduction plant was started down on the San Juan islands south of British Columbia but they were unable to get sufficient fish from the neighbouring waters although they are contiguous to the waters of the gulf of Georgia to which I refer.

I can quote another instance in the case of whales. Whaling was indulged in very extensively a number of years ago and was found to be very profitable. Three stations were built on the west coast of Vancouver island and it was then decided to build one on the gulf of Georgia. It had been noticed that the whales were numerous between the island and the mainland, they were seen to

be blowing all over the place and it was thought that a great harvest could be got from these comparatively sheltered waters. However, they were able to catch only nineteen, I think it was, whales; that was the total population, so to speak, of whales in that area, and it was many years before the outside whales started to come in again, I think either ten or twelve years. That supports the point I am trying to make, that if you vigorously prosecute the taking of these dogfish in the gulf of Georgia they would not immediately rush in from some other portions of the Pacific coast. Sea lions are destroyed and although the whole Pacific ocean is open to them; their destruction has proved very beneficial to the local gill netters.

The particular reduction plant to which I refer was only paying the fisherman $3 per ton for the fish. The fisherman could not make a living at that rate, and even with that small price paid, the plant could not pay its way. The suggestion offered is that the men should be given a bonus of $1 per ton and the reduction plant 50 cents per ton in order to enable it to operate. I should like to give some figures to show how beneficial the operation of this plant would prove. The 3,200 tons processed by this plant represents roughly 400,000 dogfish. According to the last report of the Department of Fisheries the number of salmon caught last year of record was 37,000,000. These dogfish have the playful habit of coming along and taking a bite out of the best portion of a salmon. Of course the salmon dies. Then when the dogfish feels like having another appetizer, it attacks another salmon. I think it is fair to say that each dogfish would kill at least four salmon per day. Taking this figure, the number of dogfish processed would have destroyed in one year sixteen times the total catch of salmon last year.

The department exists for the purpose of stimulating and encouraging the fishing industry, and I do not know of a better way they could carry out this purpose. This vote is for the conservation and development of deep sea fisheries and the demand for fish, and I think it would cover the bonus to which I refer. If not, there is another vote lower down on the page where $160,000 is to be authorized by statute for fishing bounty. This is the vote which always brings a blush of shame to the honest countenances of the hon. member for Digby-Annapolis (Mr. Short) and the Chairman (Mr. MacDonald, Cape Breton South). I notice that the hon. member for Digby-Annapolis said very emphatically this afternoon that he was opposed to bounties, but under this item we find him subscribing to a bounty of $160,000, to which he is not entitled.

Mr. SHORT: That is a bounty provided by statute and one which we have had for fifty years.

Mr. NEILL: And paid for out of the federal treasury.

Mr. SHORT: That did not cost this country a dollar. It was paid for by the government of the United States.

Mr. NEILL: That is an old, old story, and I really think the hon. member has come to believe it. After long years of malfeasance one sometimes comes to believe in a thing. That sum is taken out of the consolidated revenue fund of Canada every year. There is no reason why it should not be used for the purpose for which it was voted in the act, I think, of 1882, namely, for the development of fisheries. I know, however, this is a sore point with my hon. friend and I shall say nothing more about it at present. I was only pointing out that here would be a real, practical use for it. I do not think even my hon. friends will claim that the present use of that bounty is to the best interest even of the fishermen to whom it goes. It is handed out in small amounts and the Cockfield Brown report says that it should be used for some more general purpose; that was the only practical suggestion in the report. In any case that would be a place where this money could be used in a very practical way and it certainly would be cheaper to spend the money in that manner and help fishermen to help themselves rather than that we should have to put them on relief. A fisherman is almost like a doctor. He knows his business; he has been brought up to it for generations and he is not accustomed to other work; he would be about as much at home doing manual work on a road as a doctor or a lawyer would be. Why not help him to help himself? If you gave this assistance, you could measure it in dollars; when you go in for direct relief, you do not know where the cost is going to end. This policy would enable people to help themselves, and I know of no better way in which money could be used than to help workless people to help themselves. This reduction plant, very much to their credit be

it said, made a vigorous effort to meet the situation and to assist the fishermen over the gap between seasons. But I have a certificate audited by a firm of auditors showing that the loss was very substantial; in fact, as I said, it ran to about $2 a ton.

The principle of bonusing cannot be denied, because we have bonuses on wheat and coal, and already to-day we have had suggestions that the Atlantic fishermen should also receive a bonus. I am not opposing that. If we are going in for that kind of protection, it should not be confined to one class. I do not expect the minister to do this out of hand, but he or his successor, if they appoint a permanent Minister of Fisheries, should look into this question and see if it will not pay. Some years ago something of this kind was done on the Atlantic coast, but perhaps they did not have the proper equipment. There is now a growing market for the meal and I understand some use has been found for the oil made from dogfish livers. Would the minister kindly look during the recess into this phase of the situation and see whether he cannot help out this industry, which otherwise must absolutely perish? I forgot to say that the plant to which I have been alluding has written me that it has had to shut down; it could not carry on any longer. If it had been able to continue, this would have meant a great deal of work for people who would otherwise be very hard up, and it would also have materially assisted in conserving the supply of salmon we want to catch for human use. It would do as much good as a whole army of officials guarding rivers and creeks, because it would have done away with an enormous number of these dogfish. I think any hon. member who knows the destructiveness of these fish will confirm what I say.

Item agreed to.

To provide for the payment of bounty for the destruction of hair seals in tidal waters, $40,000.

Mr. NEILL: I am sorry to see that this item has been cut down by ten per cent. That means that we are going to slacken our activities in doing away with one of these enemies to which I have already alluded. It is poor economy, after you have paid a heavy bounty for many years for the destruction of panthers and wild animals of that description, to stop paying the bounty and let the enemies breed again. As regards these hair seals, when you shoot them they immediately sink, so that although the bounty is $2 apiece, you may really kill three seals before you get the bounty for two, because it is so difficult to retrieve the animal.

I should like also to speak of the annual hunt for sea lions. The statement has been made that, on account of the expense, the abandonment of this hunt has been under consideration. There is, however, very little expense involved; the hunt is conducted by means of government patrol boats and almost entirely by members of the crews; they are on patrol in any case and they are doing an effective work. In this manner thousands, yes, tens of thousands of dollars are saved to the fishermen. It was definitely noted that the very year, almost the very month this patrol boat first began to destroy these sea lions off the Virgin islands, I think it is, there was a marked diminution in the number of fishermen's nets destroyed in the rivers and inlets. A net costs from $300 to $400, and to have it torn to pieces the first night it is put out, is a serious matter. It is said that we must be humane to these animals. That is all very well, but the people who say that do not think about the poor fisherman and his net which is destroyed and for which he has paid a very heavy price including duty. Nature, so to speak, keeps the balance by propagating these enemies, but when man comes in and takes an enormous toll on the salmon for human food, you no longer need the enemies, and unless you destroy the latter, you will obliterate the useful species. I can assure the minister the fishermen are grateful for the action of the government in thus assisting them year after year. I hope he will continue this and not pay any attention to those who call these sea lions innocent animals. You might as well talk about an innocent tiger.

There is just one other word I should like to say. I throw it out as a suggestion that will have to be dealt with by the minister or his department sooner or later. The time is rapidly coming when, in the interest of the British Columbia salmon industry, we shall have to renounce the treaty made with the United States, Russia, and, I think, Japan, to stop pelagic fur sealing. As the committee is aware, a treaty was made lasting for fifteen years and at the end of that time it was to continue automatically unless notice of six months or a year was given. It worked very well for a long time, but now the seals have

increased so much they are beginning to be a considerable menace to the fish. They pass up the coast in the months of May and June in enormous numbers. Gunboats are sent out by both ourselves and the United States to see that they are not poached upon during that time. They breed on the rookeries. A limited number are killed by the United States, but they have increased enormously They are just as destructive as or even more so than the hair seal, and they come along just as the salmon begin to be valuable, cleaning everything in front of them. The day will come when the government will have to consider seriously renouncing that treaty and allowing these fur seals to be taken.

Item agreed to.

To provide for the payment to the Leonard Fisheries, Limited, of trawler licence fees, the collection of which was declared to be ultra vires of dominion authority by the Exchequer Court of Canada, $5,856.36.

Mr. REID: I wish to draw to the attention of the minister the case of the Great West Packing Company, Limited. In 1927 and 1928 the Dominion government Department of Fisheries licensed salmon canneries. The licence fee was $20 and there was a tax of four cents per case on canned sockeye salmon and three cents per case on all other varieties. In compliance with the demand of the Department of Fisheries in Vancouver for payment of the case tax before December 1 of each year this company paid in addition to the licence fee a tax on each case as follows: 1927 salmon pack, $474.94; 1928 salmon pack, $568.01, or a total of $1,042.95. Some time in 1927 the right of the Dominion government to license canneries was questioned, and in 1929 the privy council decided that the authority to do so was vested in the provincial government. In 1929 the Dominion government did not collect the case tax. I am informed that some of the larger companies did not pay the case tax in 1927, and that only five or six companies paid the case tax in 1928, and that no action was taken to collect during those years.

In the item before us provision is made for refunding licence fees which were later declared to be ultra vires of dominion authority, and I claim that exactly the same course should be followed in the case that I am now bringing to the minister's attention, that of the Great West Packing Company, because the principle in both cases is exactly the same. In fact, I believe that the case of the Great West Packing Company for a refund of the licence fees paid is even stronger because in 1928 they wrote to the dominion Department of Fisheries, after having paid the tax under protest, and here is the reply which they received from the department, which I claim is a direct promise from the department. The department in its letter says:

As the question of jurisdiction over such plants is before the courts the existing law is in effect. It provides for the necessity for taking out cannery licences. While it is not considered desirable at the moment to take court action to enforce fees, should a company refuse to pay them, should the reference to the courts be decided in favour of the federal contention, necessary action to collect such fees will be taken. On the other hand, should the decision be otherwise, the whole question will be dealt with and those who have paid their fees will have such refunded to them, unless action is taken to compel those who have not done so to pay them.

I would ask the minister to note those words: "Those who have paid their fees will have such refunded to them."

Mr. NEILL: By whom is that letter signed?

Mr. REID: The letter is to Mr. D. McPherson of the Great West Packing Company, Limited. Here is a direct promise made in 1928 to refund the licence fees that were paid under protest. The licence fee had been declared ultra vires of the dominion authority, and therefore the principle of refunding the fees is exactly the same as in the case before us where licence fees are being refunded to the Leonard Fisheries, Limited, although I maintain that the case of the Great West Packing Company is even stronger because of this letter from the Department of Fisheries. Before this item passes, Mr. Chairman, I would ask the minister to give me an assurance that the licence fees will be refunded in this case. I have given him the date of the letter and stated that it came from the Department of Fisheries. I claim that that was a direct promise on the part of the department to refund the licence fees.

Mr. DURANLEAU: As the time is so short I am sorry that I cannot give a very lengthy answer to my hon. friend, but my officials tell me that the case of the canneries in the west and the case of the Leonard Fisheries Limited are not similar at all. The canneries of the west have paid a very reasonable licence fee, and if they had not been taxed by the federal government they would have been taxed by the provincial government. As a matter of fact, immediately after the decision declaring our imposition ultra vires the canneries were taxed by the provincial government. While I do not think the cases are similar I am quite willing to examine

the case which my hon. friend has brought to my attention. If, as he states, a definite promise was made by the department—

Mr. REID: A definite promise has been made.

Mr. DURANLEAU: I will look into the matter and if I find that the department is committed we shall have to do what is right, but at the present time I do not think the case which my hon. friend has brought to my attention is similar to the case referred to in the item under discussion.

Mr. REID: Have I the assurance of the minister that if he finds that a promise was made to pay back the fees, this firm will receive the refund of its licence fees? They claim that they received the letter containing the promise from the Department of Fisheries, dated December 1, 1928, wherein it is specifically stated:

On the other hand, should the decision be otherwise, the whole question will be dealt with, and those who have paid their fees will have such refunded to them.

I think that is a very definite statement from the department, and that they cannot get away from it, because it must be remembered that this firm was paying these licence fees under protest. If the minister finds the promise to pay from the department will he have the licence fees refunded to the firm?

Mr. DURANLEAU: I do not think it would be wise to make a definite promise such as is asked for by my hon. friend, but I will study the whole record, and if I find that in fairness the fees should be refunded, it will be done, but I cannot give a definite promise now.

Mr. NEILL: And if refunded to one, the licence fees will be refunded to all in the same class?

Mr. DURANLEAU: Yes, of course.

Item agreed to.

HOUSE OF COMMONS

Publishing debates—further amount required, $20,000.

To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or on account of death during the present session—notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendments thereto. Payments to be made as the treasury board may direct, $25,000.

To purchase, for the use of senators and members of parliament, 360 copies of the Canadian Annual Review, edition of 1931-32, $2,340.

Estimates of the Sergeant-at-Arms—further amount required, $7,574.25.

Mr. POULIOT: I see that this vote provides for the purchase of 360 copies of the Canadian Annual Review. We do not need that at all.

Item agreed to.

Amount to provide for expenses in connection with the representation of Canada at the International Radio Conference at Madrid, Spain, in September, 1932, $15,000.

Mr. POULIOT: Will the government send delegates to this conference?

Mr. BENNETT: It is so intended. The conference is concerned with the distribution of wave lengths.

Item agreed to.

IMMIGRATION AND COLONIZATION

Immigration salaries and contingencies—further amount required, $48,000.

Mr. POULIOT: Have any civil employees the advantage of going home at the expense of the state?

Mr. BENNETT: Not so far as I know.

Mr. POULIOT: I might have something to say with respect to it.

Mr. MANION: Send it in by letter!

Item agreed to.

INTERIOR

Salaries, contingencies, $726,015.

Mr. GARDINER: Are any estimates in the Interior department left other than this one?

Mr. BENNETT: Number 201 is held.

Mr. CAMPBELL: I understand No. 12 is to be held over until Monday.

Mr. RHODES: There are two items still standing in that department.

Item stands.

PUBLIC WORKS

Harbours and rivers generally; for maintenance of services; no new works to be undertaken, $25,000.

Mr. REID: I desire to speak on this item.

Mr. RHODES: If it is agreeable to my hon. friend, it is understood an item will be held under which any business connected with the Public Works department may be discussed.

Item agreed to.

LABOUR

Combines Investigation Act, $25,000.

Mr. MACKENZIE KING: The same understanding?

Mr. BENNETT: Any matter may be discussed under item 189.

Item agreed to.

PUBLIC WORKS

Champlain graving dock, $83,000.
Esquimault graving docks, $76,800.
Lorne graving dock, $43.000.
Selkirk—repair slip, $2,800.

Mr. BENNETT: Any further questions can be taken up under item 110.

Mr. MACKENZIE KING: That is right.

Item agreed to.

Progress reported.

On motion of Mr. Bennett the house adjourned at six twenty p.m.

Monday, May 23, 1932

The house met at eleven o'clock.

BANKING AND COMMERCE

MOTION FOR CONCURRENCE IN FOURTH REPORT OF FINDINGS OF COMMITTEE ON INQUIRY INTO PRICE OF GASOLINE

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, on Friday last the following notice appeared in votes and proceedings in my name:

On Monday next—that the fourth report of the select standing committee on banking and commerce, on the reference as to the price of gasoline, be concurred in.

A word of explanation is due the house as to why I, who was not even a member of the committee, should take it upon myself to move concurrence in the report. This is my reason. I was very anxious to have the report brought before the house. Under the rules it is necessary that forty-eight hours' notice be given before concurrence be moved. We were coming so close to the end of the session that I thought on Friday unless notice was given before the end of last week it would be impossible to have concurrence moved this session. I endeavoured to get in touch with the chairman of the committee to find out what his intentions were, but could not locate him. So I took it on myself to put on the order paper the notice which I have read. Terms of the reference are as follows:

That in the opinion of this house the price of gasoline to the Canadian consumer has for some time past been too high, and that this matter should be referred to the select standing committee on banking and commerce to investigate and report.

The question submitted to the committee was this: Are we paying too much for our gasoline; and if so, why? If we are paying too much for our gasoline, the committee reckoned that somebody, either our refiners or our distributors, must be getting too much for their services, and that is what they undertook to investigate.

Mr. BENNETT: Mr. Speaker, in view of the fact that this is a sparse house and we could proceed with other matters, the hon. gentleman might adjourn his speech and go on with it to-morrow, on motions.

Mr. YOUNG: That is satisfactory to me.

Mr. BENNETT: If he will adjourn the debate I think it would expedite matters.

Mr. YOUNG: I move to adjourn the debate.

Motion agreed to and debate adjourned.

LAND SETTLEMENT

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): I desire, Mr. Speaker, to lay on the table of the house the information asked for by the hon. member for South Perth (Mr. Sanderson) with respect to land placements in the province of Ontario by counties. Accompanying the return are letters from the commissioners of colonization of the Canadian Pacific Railway and the Canadian National Railways. These letters indicate that the railways, not having kept the information in the form desired by the hon. member, are not in a position to furnish it. With respect to the department, they have not kept the information in a way that would make it easily available by counties, but it is only fair to the hon. member to say that I showed him the list as kept by the department, giving the name of the individual, the wages and the address, and I believe that after reviewing it his fears in a general way as to the accuracy of the statements which have been made have been dissipated. The return which has been prepared, so far as the department is concerned, after a good deal of labour and time, will, I think, check out to within a very few in number of those contained in the information I have heretofore given to the house. There is a slight increase because the return covers a period a little longer than up to the first of May when the matter was raised in the house.

BANKRUPTCY ACT AMENDMENT

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I beg to move, seconded by Mr. Turnbull:

That Bill No. 36, an act to amend the Bankruptcy Act (locality of debtor), be withdrawn.

Mr. SPEAKER: By consent of the house.

Motion agreed to and bill withdrawn.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

POSTMASTERSHIP OF LAPRAIRIE—INQUIRY

Mr. DUPUIS:

1. What are the names and addresses of the persons who testified at the inquiry held by the Post Office Department, in connection with the case of Noel Fontaine, postmaster of Laprairie, Quebec, on February 27, and March 16, 1931?

2. Did the following persons testify at that inquiry: Miss Jeannette Cedilot, Mrs. Paul Bonneterre (née Angeline Dupré), Messrs. Samuel Racine, Wilfrid Ste-Marie, David Racette, Emilien Lamarre and Mrs. Arthur Lamarre (née Noella Fontaine), all of Laprairie?

3. If said persons were heard as witnesses by the commissioner holding the inquiry, why do their names and the evidence given not appear in the report of said commissioner as tabled in the house by the hon. Postmaster General, as "sessional paper No. 198" dated March 22, 1932?

4. Does the original report of said commissioner mention the evidence given by the persons above enumerated in second question?

5. If so, is the government aware that said names were left out?

6. Why were they left out?

7. Why did said commissioner not mention them in his report?

8. Is the Postmaster General aware that the evidence given by the above mentioned persons is entirely favourable to the postmaster of Laprairie?

Mr. SAUVE:

1. According to the report of commissioner, the following persons gave evidence: Arthur Dufort, Joseph Ste. Marie, Oliva Lefebvre, Joseph Chouinard, Louis Roy, Emile Gravel, Remi Dore, Mrs. Odila Audette, Petronille Barbeau (Beaulieu), Miss Antoinette Beaulieu, Alfred Beaulieu, Jos. M. Longtin, Mrs. Pacifique Racine, Arthur Lamarre, Fernand Fontaine, Gabriel Cedilot, Camille Bourdon, Noel Fontaine.

2. In the report of the commissioner there is no record of the persons mentioned.

3, 4, 5 and 6. See answer to No. 2.

7. No information.

8. No.

EXCISE DUTY—CIGARETTES AND TOBACCO

Mr. GOTT:

1. How much excise duty was collected on cigarettes for the year ending March 31, 1932?

2. How many cigarettes were manufactured in Canada during the fiscal years ending March 31, 1929, 1930, 1931, 1932?

3. How much tobacco was exported from Canada during the fiscal year ending March 31, 1932?

4. To what countries was it exported?

Mr. RYCKMAN:

1. $26,415,948.77.

2.

	Cigarettes
1928-1929	4,664,692,635
1929-1930	5,073,502,520
1930-1931	5,063,419,576
1931-1932	4,343,670,119

3 and 4.

Country—	Domestic produce Lbs.	Foreign produce Lbs.
Great Britain	7,950,708	8
Barbados	2,666	–
Bermuda	103	–
Br. West Indies, other	18	–
Jamaica	7,702	45
Newfoundland	46,092	–
Hong Kong	94	–
Belgium	255,498	–
China	269,360	–
Cuba	9	–
Denmark	1,485	–
France	4	–
Japan	3,018	–
Mexico	12	–
Miquelon & St. Pierre	100	–
Netherlands	159	–
Panama	12	–
Switzerland	5,495	–
United States	13,887	86,035
Total	8,556,422	86,088

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS—AMERICAN EMPLOYEES

Mr. PRICE:

1. How many American citizens are employed by the Canadian National Railway Company in Canada?

2. How long have they been employed, what positions do they hold and what salaries do they receive?

Mr. MANION: In regard to question No. 1, Mr. Speaker, the railway company informed me they cannot get this information in time. Therefore I would move that it stand as an order for return.

DR. TORY'S OFFICE FURNISHINGS

Mr. ROGERS:

1. What is the total cost of furnishing the office of Dr. H. M. Tory, President of the National Research Council, in the research building, Sussex street?
2. What is the price of each desk, chair, table, rug, etc?

MR. GEORGE GONTHIER'S OFFICE FURNISHINGS

Mr. ROGERS:

1. What was the total cost of furnishing the office of Mr. George Gonthier, Auditor-General, in the Confederation building?
2. What is the price of each desk, chair, table, rug, etc?
3. What became of the furniture formerly in the office of the Auditor-General?

UNOPPOSED MOTION FOR PAPERS

MR. VICTOR GARIEPY

Mr. TETREAULT:

For a copy of all correspondence, telegrams, and other documents exchanged, from 1926 to July, 1930, between the Department of Agriculture and Mr. P. E. Boivin, former member for Shefford, and Mr. Victor Gariepy, of Waterloo, Quebec, in connection with the appointment of Mr. Victor Gariepy as veterinary surgeon in the service of the Dominion government, in the county of Shefford.

UNEMPLOYMENT AND FARM RELIEF

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member for Assiniboia (Mr. McKenzie) has asked me a question on several occasions. I thought he had misread what I said on the 29th July, 1931, I find on looking up the record that I then said:

During the last few days I have received telegrams from the province of Saskatchewan suggesting that it was not desirable that direct relief which might be regarded as charity should be accorded to those hardy settlers who have lost their all for the third, and in some instances the fourth succeeding year, but rather that they would like to execute some document which would indicate that they regarded the help given as an obligation which they might some time be able to pay.

I may say to my good friend from South Huron (Mr. McMillan) that that indicates at least the attitude of some of those who at the present time are without crops, having had their third successive crop failure. I observe the hon. gentleman read my remarks as indicating that I had received communications from the province of Saskatchewan, and he was seeking information as to what member of the provincial government had communicated with me. It will be observed that my language did not mean that I had received communications from the provincial government, but from persons residing within the province. While some of the communications were marked "personal," the one that gave me the most information was from a loan company manager, who, I knew, had travelled over the territory and found a disposition on the part of the settlers not to take charity but to make a contribution in the sense indicated.

[Mr. Manion.]

Mr. DONNELLY: The hon. member for Assiniboia (Mr. McKenzie) is away at the present time, but I understood him to say that the declaration of the Prime Minister was to the effect that certain people in the west had written letters or sent communications of some kind to the right hon. gentleman intimating that they were ready and willing and anxious to pay back this money that was loaned, and that the hon. member had received communications from private individuals asking for copies of these letters and telegrams.

Mr. BENNETT: That is not the way it reads.

CANADIAN NATIONAL RAILWAYS

NORTH BATTLEFORD-EDMONTON BRANCH LINE CONSTRUCTION

On the orders of tht day:

Mr. CAMERON R. McINTOSH (North Battleford): May I ask the Minister of Railways whether he has any further information to give the house and the country in connection with the laying of steel on certain branch lines of the Canadian National Railways in northwestern Canada. The particular road to which I am referring is the sixty-nine mile stretch which is ready for steel between North Battleford and Edmonton.

Hon. R. J. MANION (Minister of Railways): There was forwarded to me this morning a general review of the question to which the hon. gentleman refers, and which he has sent throughout the whole of his constituency. It places on words of mine conclusions which I do not think he had any right to draw, and under these circumstances I do not think I will make any more statements to the hon. gentleman in regard to the railway.

Mr. McINTOSH: If the minister would state what I have published in an irregular way, I might try to correct it.

Mr. MANION: I will state it at the proper time.

Mr. McINTOSH: All right.

DEPORTATION CASES

INVESTIGATION UNDER PROVISIONS OF IMMIGRATION ACT

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I have received a telegram from a Mrs. Stahlberg, of Montreal, stating that her husband, John Stahlberg, a resident of Canada for twelve years, was arrested by the Royal Canadian Mounted Police, on orders from the Immigration department, at their home, 1342 St. Antoine street, Montreal, on May 19, and immediately placed on a train for Halifax. May I ask the Minister of Immigration why it is that this policy of snatching people away from their homes, without giving them the opportunity of a trial in the place of their residence, is being continued. It seems to me to be very unjust and heartless, especially in the case of those men with families, and perhaps the minister could give some information with reference to this case.

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): I have not before me the particulars of the case to which reference has been made, but I think the hon. member for Winnipeg North Centre is scarcely stating the position correctly when he suggests that people are being whisked away—if that is what he said—

An hon. MEMBERS: Snatched away.

Mr. GORDON: —snatched away from their homes and placed under arrest and tried. That is not the position at all. These sections of the Immigration Act under which officials of the department are functioning have been the subject of very considerable debate in this house on a number of occasions. Hon. members who were here in 1910 will remember the debate that then arose when the section of the act as it presently appears in the statutes was brought into being. And in 1919, as some hon. members will recollect, the act was twice amended, in the one session I believe. These amendments were the subject of a good deal of debate in this chamber on a number of occasions, and I believe amendments to the sections in question were passed twice by this chamber. I do not think the amendments received the approval of the other house. Then in 1928, the section as it presently stands, which is a re-enactment of the legislation of 1910, was passed by this house, and it sets out the method to be followed in connection with investigations in the cases of those who may be or may have been guilty of an infraction of this law.

These men are not snatched away from their homes; they are not under arrest, although they are in detention, it is quite true. Many suggestions have been made as to some other method that might be pursued. Some say that they should be incarcerated in the gaol in their home city. They have not been convicted of an offence; they are not on trial; but their conduct as aliens in Canada is under review to determine whether or not they have a right to stay in Canada.

I am not going to go into this question at any great length. I could discuss it at very great length, but I feel that certain members of this chamber are sufficiently acquainted with this law and are quite familiar with the method which, of necessity, has to be pursued if law is to be enforced and those responsible for the invocation of the law are to do their duty. The board of inquiry may consist of one or of three members; the law makes provision for that. Those men whose conduct in Canada is under review are entitled, I think, to have their conduct reviewed by a competent board of inquiry composed of three members. True it is that the act contemplates that they may be brought before a board of inquiry at an immigrant station anywhere in Canada. Now, had they been brought before the nearest immigrant station, let us say, for example, at some port on the boundary, where there are no detention quarters, to start with, and reviewed by one officer, who works part time for customs and part time for immigration and is not acquainted with the practice and procedure contemplated by this section, that would not, in my opinion, be a fair review of the alien's case and a fair determination of it. There are very few places in Canada—the necessity has not arisen—where boards of inquiry composed of three members are set up, and there are very few places where proper detention quarters are available for the detention of aliens until such time as their cases can be reviewed and their appeals heard.

Mr. WOODSWORTH: If I may interrupt the minister, is it not quite true, in the Winnipeg cases, that we have proper quarters right in the city of Winnipeg?

Mr. GORDON: I will come to that in a moment. With respect to those cases that have been the subject of some comment—in some sections of the press recently—the evidence of the alien's right to stay in Canada was within the knowledge, in almost all of the cases, of the same witnesses. That made it rather difficult for the officers enforc-

ing the law to be here and there all over Canada, as occasion might arise, when the men were detained for investigation. The department—I believe they adopted the proper course—considered that these men, in having their conduct reviewed, should be brought before a board of inquiry composed of three persons, men who were well acquainted with the law and with what the law contemplates, rather than being taken before an officer not qualified to make a decision of this kind. I do not say that disrespectfully of these officers, because of necessity they are located at places in Canada where a close investigation of the effect of this law is not necessary in order that their duties may be properly discharged. Had they been brought before the nearest board of inquiry of one, then it would likely have been very incompetently considered from the standpoint of the alien whose case was under review. I agree with the stand taken by the officers of the department that there is necessity for uniformity in connection with these cases.

It has been suggested by some newspapers, and I think by some hon. members, that these men are not being given a fair trial. They are not on trial. The hon. member for Lisgar (Mr. Brown) does not agree with that, but the fact is that they are aliens whose conduct and whose right to be in Canada is merely under review. If, on the one hand, it is found that they have the right to be here, they are immediately returned to their homes, as I believe one or two have been. If, on the other hand, it is found that they are here wrongfully or illegally or, being here legally, have transgressed our laws or are bent on stirring up distrust or riot, are bent on breaking our laws, then, so far as the officers of the department are concerned, after that has been made clear proceedings are taken in connection with deportation. These men are not precluded from the right to resort to habeas corpus and for some unaccountable reason they seem to be better fortified with money to carry on defence than even our own citizens are when they fall foul of the law.

There is another aspect of this matter upon which I think I should comment. There are many tens of thousands of law-abiding well-ordered citizens of foreign countries living in Canada. These people desire to obey our laws and are appreciative of what is offered to them in this country. But they suffer from the actions of the very indifferent percentage who will persist in waging war against our institutions. British subjects in Canada and

Canadian born people are prone to class all people from foreign lands as undesirable. They do it unconsciously but it is very unjust and unfair to many of these people. My association with many thousands of them who come from parts of the world other than the British Empire, mainly Europe, has convinced me that they are being penalized by the actions of their compatriots. These people are wholesome, upstanding and decent citizens of this country and they are being penalized by the actions of a small percentage of those who want to stir up difficulties and distrust of our institutions. I do not propose to administer the affairs of this department in such a way that those who are endeavouring to obey our laws and who are proud of their right to be in this country are to be penalized because of the actions of some of their countrymen who do not seem to realize or appreciate the advantages afforded them by reason of the right given to enter Canada.

As time goes on it becomes more obvious that the last place on earth to which these men want to be sent is to their country of origin, and that is the place where they should be sent if they are not appreciative of the advantages and the rights conferred when they were allowed to enter Canada and live among the British and native born people of our country. I do not like to dwell too long on this matter but I assure the hon. member for Winnipeg North Centre (Mr. Woodsworth) that these men are being denied no right to spread their case upon the record. They are given the right to appear before me on appeal; they are given ample time and opportunity and are advised that they can appeal to the courts under habeas corpus proceedings. Not one word of evidence is taken down in any one of these cases until the person whose conduct and right to remain in Canada is under review is advised that he has the right to retain competent counsel. And these men do procure counsel, at times very expensive counsel, and their cases are determined fairly and justly as contemplated by our laws. If it is found that they have no right to remain in Canada, then I assure hon. members that I propose to carry out the duty cast upon me to invoke this law just as vigorously and fairly as I know how.

Mr. WOODSWORTH: Before the minister concludes, may I ask—

Mr. SPEAKER: This matter is not the subject of debate.

Mr. WOODSWORTH: I was merely asking a question.

Mr. SPEAKER: The hon. member asked a question and the minister replied to it at length.

Mr. WOODSWORTH: I intended to ask merely a supplementary question before the minister concluded. I should like to know if there have been cases where aliens have had their naturalization certificates cancelled?

Mr. BENNETT: The act provides for that.

Mr. GORDON: I have not before me any detailed information with respect to the question asked by the hon. member, but I can say that the act certainly provides for the cancellation of naturalization certificates in cases where those certificates should be cancelled. I believe there have been a number of cancellations; if there have not, there should have been.

Mr. CAHAN: There have been naturalization certificates cancelled because of absence of at least seven years, but otherwise no certificate has been cancelled except upon the report of a judge specially appointed for the purpose of examining into the facts as to whether or not the certificate was obtained by fraud, or, on the other hand, unless there has been a conviction by a criminal court of this country.

HYDROGRAPHIC SURVEY SHIP

On the orders of the day.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, I should like to inquire of the Minister of Marine (Mr. Duranleau) if a contract has been let for the taking of the hydrographic survey ship being built in Collingwood from that port to the Pacific coast, and if so, the name of the contractor.

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, I have not the exact information before me but I shall be glad to reply to-morrow to my hon. friend.

CIVIL SERVICE ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 99, to amend the Civil Service Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

Sections 1, 2 and 3 agreed to.

On section 4—Residents for local appointments.

Mr. HEENAN: I understand that this bill was based upon the report of the committee but, unfortunately, I have been absent for a few days and have missed the discussion thereon. Could the minister tell us on what procedure the government intend to act now with respect to appointments of postmasters in post offices with a revenue of less than $3,000?

Mr. CAHAN: There is a special clause covering that.

The CHAIRMAN: The question will be in order under that clause.

Mr. ROSS: What is the meaning of residence of one year? Will it mean simply residence where a man is in the district, or something similar to the qualification for a vote?

Mr. CAHAN: The residence to qualify a civil servant, that is residence of five years, is fixed by another clause. This, I presume, is simply residence in the locality for "one year immediately preceding," and is the outcome of criticisms which were made before the committee to the effect that in the appointment of civil servants for certain, might I say, subordinate positions in a locality, nominations were made of those resident outside that locality. This is to qualify only those who have been resident for one year in the locality. Clause 4 of the bill is in almost the same terms as paragraph 4 of the report of the special committee on the administration of the Civil Service Act.

Mr. VENIOT: Might I call the attention of the minister to a point I have in mind? Suppose the applicant is not a resident of the district in which the post office is located but is a resident of a rural route receiving its mail through that post office. Is he to be considered, in applying for the position, as a resident of the district? I think that point ought to be made clear.

Mr. CAHAN: It would be impossible to draft an amendment to meet all cases. This clause applies to appointments to local positions in any province and it declares that so far as practical such appointments shall—

—be made from persons having resided in such locality for a period of at least one year immediately preceding the date last fixed for receiving applications for such local positions.

I am adopting the phraseology of the committee's report and I think we shall have to trust to the future to decide how far this is practicable.

Mr. VENIOT: My reason for bringing up this point is that in the past we had difficulty in the Post Office Department in deciding this matter, and in many cases we had to leave it to the Civil Service Commission.

Mr. CAHAN: That is exactly where it is left now.

Mr. VENIOT: Let the responsibility lie there.

Mr. VALLANCE: I notice the chairman of the committee is not in the chamber. The explanation given by the minister is the reason for leaving the clause as it is with the words "so far as practicable." We were trying to cover any possible case.

Mr. ROSS: What does "locality" mean?

Mr. VALLANCE: Within the radius of distribution of that post office.

Mr. ROSS: In my constituency several appointments were made where a man was temporarily located there, perhaps doing certain work while the family was situated elsewhere. Nevertheless he came into competition with men who all their lives had been residents of that constituency.

Mr. CAHAN: The man must be actually resident for one year in the locality; that means his domicile, his home, must have been in that locality for one year.

Mr. ROSS: If the word "domicile" is used, that will be satisfactory.

Mr. CAHAN: "Residence" is more explicit than "domicile."

Mr. GANONG: In my constituency in the customs service Milltown is an outport, while St. Stephen is a port. The Civil Service Commission promotes from the outport to the port. Examinations for the outport are not allowed to be held at St. Stephen. The result will be that appointments will be made wholly from the outport. Does the word "locality" mean the district or simply the locality?

Mr. CAHAN: "Locality" must be determined by the relation to the local position which is to be filled. The clause reads:

> The appointments to any local positions in any province shall, so far as practicable, be made from persons having resided in such locality.

I think we shall have to trust to the Civil Service Commission to deal with that, "so far as practicable," as stated in the clause.

Mr. VENIOT: I was not a member of the committee, but evidently the matter did not come before it in all its phases. I presume it would have to consider the regulations adopted by certain departments whereby they extend the territory. Take, for instance, the main post office in Ottawa. It is included in a certain zone, so that persons, even from a district outside the city limits, can apply for an Ottawa position and still be considered as being residents of the Ottawa district. The same thing applies in the case of the Department of National Revenue. In New Brunswick, Saint John being the head office for the Department of National Revenue, it has happened, and it can happen again, that people in Saint John city may apply and become revenue officers or subcollectors of customs in the county of Charlotte, just as in the case brought up by the hon. member for that constituency. In the past that was not considered a violation of the act or regulations. Of course there is no provision in this clause to meet that situation. This is no time to try to amend the bill in that respect, but I would suggest that the provision be allowed to operate for a year and then, if any injustices occur, we can amend it.

Mr. CAHAN: This is simply a general provision to cover a specific case. As no one knows better than the hon. member for Gloucester, the Civil Service Commission has discretion and authority to carry this provision into effect, and it also has authority to make, concerning this, rules and regulations which must necessarily from time to time receive the approval of the governor in council. The committee undoubtedly intended to lay down a general line of policy, leaving it to the commission to work out that policy by rules and regulations which will later be framed. The words "so far as practicable" leave the commission a certain discretion in such a case as that to which the hon. member for Gloucester has referred.

Mr. LUCHKOVICH: How would this clause apply to returned soldiers? If a returned soldier living in a city heard of a vacancy in a village and applied for that position, would he have precedence over applicants who actually resided locally or would he have to reside in that particular locality?

Mr. CAHAN: I suggest that the returned soldier would have no preference in a locality in which he did not reside.

Mr. VENIOT: He did not have it under the old law.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Vacation leave.

An hon. MEMBER: What is the idea of putting in "in a tropical country"?

Mr. CAHAN: That amendment I believe was introduced at the suggestion of the Department of Trade and Commerce which maintains certain offices in hot countries where it is advisable to give one month's holiday on account of climatic conditions.

Section agreed to.

On section 8—Gratuity in lieu of retiring leave.

Mr. MACKENZIE KING: May I ask the Secretary of State if this clause is intended to enable the government to make immediate appointments once clerks are retired?

Mr. CAHAN: It was pointed out before the committee by deputy heads of departments that at present a retiring official has the right to a certain length of leave according to the number of his years of service, the maximum being six months' leave. It has been found very difficult at times to administer a department during the term of leave of absence of a retiring official as under the existing law there is no power of appointment until the leave of the retiring official has expired. It was suggested before the committee, and upon consideration the government thought it advisable to provide that an official upon retirement should be allowed to retire at once, so that in case there is need of a new appointment at once it could be made, the retiring official receiving a gratuity in lieu of leave of absence.

Mr. MACKENZIE KING: What my hon. friend says as to the difficulty in administration, as I recall it, is correct. I hope, however, that this provision will not be used by the government to retire too many officials all at once.

Mr. CAHAN: I may say, Mr. Chairman, that that suggestion is certainly not applicable to my administration of my office because I have not retired any officials. Death has retired quite a number, and even in these cases I have refrained from making new appointments so far as it was possible so to do consistent with maintaining efficiency.

Mr. MACKENZIE KING: I hope that the example of the Secretary of State in the particular he has mentioned will be followed by other ministers.

Mr. VENIOT: I am glad that this amendment is being made to the act because my experience as head of the Post Office Department would certainly suggest its advisability. Knowing how difficult it was to administer the act and do justice to those applying for positions that had been vacated by the retirement of officials, I was seriously considering during my latter years of office attempting to have such an amendment made to the act, and I am glad, therefore, that it has been made.

Section agreed to.

On section 9—Suspension of employees in remote districts.

Mr. NEILL: I would like to ask the necessity for this clause. Who asked for it?

Mr. CAHAN: The necessity arises out of the fact that in remote districts where there has been malfeasance of office, theft or other dereliction of duty of a very material kind, no suspension of such officer can be effected at present until it is reported to the head office and the deputy minister or the head of the department takes measures to suspend such an official. This amendment authorizes the chief officer of the department in a remote district to suspend the official and report the suspension to the deputy head in Ottawa for further definite action.

Mr. NEILL: I am entirely opposed to this idea. I do not think this amendment is justified. There is no part of Canada, or very few parts at all events, that are not now in reach of communication by wire, and how long would it take for the chief officer, the little petty man out in a remote place, to wire to Ottawa to get consent to suspend? Are we going to go back to the old days of the divine right of kings when, if the King's porridge was not cooked to his taste, he said "Behead the cook"? I visualize a situation somewhat like this: This amendment talks about the chief officer, but actually he may be a very petty, inferior officer. One day he may get out of bed on the wrong side or he may have had a quarrel with his wife, or he may be drunk with a little brief authority and power, and he suspends one of his officials. The deputy minister has power to remove the suspension, but the man would not be paid in the meantime, and the head out in the remote district, having ordered the suspension, would naturally endeavour to make good on it and have it confirmed. Nine times out of ten the man would get a raw deal. Nothing is going to happen even if a man who has stolen money is left on the staff for a few hours longer until authority is received from Ottawa for his suspension. I do not think this amendment is justified. It is going to lead to a lot of trouble and a lot of injustice.

Mr. CHEVRIER: The law as it now stands, section 51 of the act, reads:

> The head of a department, and in his absence the deputy head, may
> (a) suspend from the performance of his duty any officer, clerk or employee guilty of misconduct or negligence in the performance of his duties.

It was brought to the attention of the committee by the civil service commissioners and by certain deputy ministers that particularly in cases of surveys in far-distant portions of Canada, when an employee became unruly or no more worthy of retaining his position, the officer in charge of the party could not suspend him but had to communicate with the deputy head at Ottawa. That took time and in the meantime the man was continued on as an unruly subject. On the recommendation of the officers of the departments and also in conformity with the representations made by the civil service commissioners for the better administration of the act, the committee felt justified in making this recommendation because the law, section 51, also provides in paragraph (b) that the head of the department may remove such suspension. The recommendation now made does not alter the remaining portion of paragraph (b) of section 51 which reads:

> . . . but no person shall receive any salary or pay for the time or any part of the time during which he was under suspension unless the commission is of opinion that such suspension was unjust.

The amendment simply means that for the time being the superior officer will have the right to suspend, but the whole case will have to be referred to Ottawa and will not be disposed of until the head of the department and the commission have passed thereon.

Mr. NEILL: But my point is that these suspensions will be much more frequent in the future on account of this loose authority.

Mr. GARLAND (Bow River): I am very much inclined to take the same view that my hon. friend from Comox-Alberni has taken and to regard this amendment as an extension of too great authority possibly to persons who may not have the judgment to exercise it. In any case we may perhaps narrow down the scope of the clause if we cannot defeat it. Would the minister be good enough to give a definition of a remote district? What is meant by that phrase, "remote district?" Is it to cover the case of a man such as the senior member for Ottawa suggests, who is employed on surveys far away from rail and telegraphic communication, or are there any fixed territories that would come within the ambit of what are now called "remote districts"?

Mr. VALLANCE: These cases were never referred to the Civil Service Commission at all, but the engineer in charge wired to the deputy head and he, in every instance, gave the powers that this section now gives.

Mr. GARLAND (Bow River): What is the power?

Mr. CHEVRIER: The right to suspend never belonged to the commission.

Mr. VENIOT: No; I am wondering, however, how conduct of officials who do not come under the commission could be referred to that body. Let us consider post offices with less than $3,000 revenue which would not come under the commission at all.

Mr. CHEVRIER: That is not the point, Mr. Chairman. The point is that the present law provides that a civil servant cannot be suspended by the Civil Service Commission but by the head or the deputy head of the department. There are two things which may happen however, and they are these: Where expeditions and things of that nature are carried out some of the employees are under the Civil Service Commission and some are not. Those who are not under the control of the commission are not affected in any way by this legislation because the old rule prevails. But those who are—

Mr. VENIOT: That is not so, here.

Mr. CHEVRIER: Yes. So that those who are under the Civil Service Commission, and in remote districts, may be suspended by the chief of the expedition or party. The law has to be carried out as it would have been if the deputy had been in control, namely that the Civil Service Commission eventually must pass upon the merit or demerit of the suspension.

Mr. GARLAND (Bow River): I should like the minister to explain the meaning of the term "remote district" as it appears in the act? I have in mind men who may take a trip to the Arctic ocean.

Mr. CAHAN: I think the term "remote district" simply means a remote district, that is a district far removed from the centre of administration.

Mr. GARLAND (Bow River): Bow River, for example?

Mr. CAHAN: This section will be carried out under regulations framed by the commission and approved by the governor in council. I do not think any prejudice is likely to result to any civil service officer or employee in the civil service who is doing his duty. I can understand that a man employed by the civil service and operating in a remote district may become an habitual drunkard, or demented, or he may suffer from ill health so

that he is utterly incapable of performing his duties. He may be guilty of some crime in the administration of his office. In such cases the responsible head of the department located in such remote district certainly should have the right temporarily to suspend and to report to the deputy head. It is a mere suspension. If the commission should decide that the suspension was not justified the man would be paid his full time and returned to office and to the performance of his duties. The fact is that in the administration of any department of business affairs I should not care to be administering in a remote district unless I had at least the right to suspend officers who were incompetent, inefficient, guilty of mal-administration or misconduct. It is simply a right temporarily to suspend.

Mr. NEILL: The minister has said that the man who is suspended will suffer no wrong because the Civil Service Commission will see to it that suspension is removed and that he is paid in full if such suspension were not justified. But here is the situation: After all, men are human and liable to frailties. Under some of the circumstances enumerated a moment ago a man on the impulse of the moment or in a temper may suspend a subordinate. Having reported the suspension, human nature would be opposed to the admission, "I spoke too quickly, and I am sorry." He will not do that. It is up to the official to try to justify the suspension. He will do it, and stress every effort within his ability or facilities to make the suspension permanent, despite the fact that the dismissal was made too rashly or too quickly.

Will the minister tell us any instance where the public service of Canada has been prejudiced and any loss sustained by the government through the lack of this section? I should like to hear one instance.

Mr. CAHAN: Mr. Chairman, I have not such a poor opinion of human nature as my hon. friend. For many years I have employed men—very rough men—some 10,000 to 20,000 of them, when nearly every man carried a revolver and sometimes shot at sight. However their foremen always had a sense of justice, and although they might do things in anger they were not likely, when in cold blood they reviewed the circumstances, to misrepresent their own motives or the facts. I have confidence in the officials in charge of departments in remote districts. If they give way to anger and improperly or unjustly suspend men they will not endeavour to misrepresent the facts to the commission or the head office. However if they should do so there would be thorough and competent inquiries and in the end justice would be done. I think that a man in a remote district, who has a dozen or a hundred men under him, especially when they have little or no communication during certain seasons of the year with the outside world, should have the right of suspension for misconduct or inefficiency. Otherwise there could not be proper administration of any branch of any department.

Mr. NEILL: From the minister's remarks I gather that I would be justified in advising subordinates to carry revolvers and to shoot at sight.

Mr. GARLAND (Bow River): The minister has referred to the centre of administration. Was he referring to Ottawa or to the nearest office of the particular department in question?

Mr. CAHAN: Under section 51 in every instance the head of the department is the head officer at Ottawa. For the information of hon. members I shall read section 51:

> 51. The head of a department, and in his absence the deputy head, may
>
> (a) suspend from the performance of his duty any officer, clerk or employee guilty of misconduct or negligence in the performance of his duties;
>
> (b) remove such suspension;
>
> but no person shall receive any salary or pay for the time or any part of the time during which he was under suspension unless the commission is of opinion that such suspension was unjust or made in error or that the punishment inflicted was too severe.
>
> 2. All cases of suspension, with the reasons therefor, shall be reported in writing by the deputy head to the commission.

It must be a report by the deputy head of the department to the commission sitting at Ottawa, who have the final determination and disposition of the matter.

Mr. GARLAND (Bow River): In answer to my question regarding a definition of remote places the minister said that a remote place was any place removed a great distance from the centre of administration. Now he says the centre of administration is Ottawa. In my view the city of Vancouver would be removed a great distance from Ottawa. Would this legislation give power to officials in Vancouver to discharge or suspend minor officials?

Mr. GUTHRIE: No.

Mr. GARLAND (Bow River): Does it?

Mr. GUTHRIE: No.

Mr. CHEVRIER: Let me say to my hon. friend from Bow River that we had in mind cases of a temporary character such as I mentioned a moment ago, an expedition, a

survey, or something of that kind not in the ordinary course of administration. He mentioned the appointment of a postmaster at Vancouver. I do not think anyone, no matter how he might disport his imagination, would try to argue that Vancouver is in a remote district of Canada.

Mr. GARLAND (Bow River): Not at all. The minister's definition does that.

Mr. CHEVRIER: No one could argue that Vancouver, Edmonton or Halifax is a remote point from Ottawa in the administration of the civil service. "In a remote district" means in a district which is far removed from the ordinary administration of the Civil Service Commission. This section covers only the cases that are presently under the Civil Service Act. Probably what my hon. friend from Comox-Alberni (Mr. Neill) has in mind is a minor position which is not under the act and is not at all affected by this provision. It gives to the chief of the party the right to suspend, subject to the Civil Service Commission subsequently passing on that suspension after he has reported it to the deputy head. The section is not complicated at all.

Mr. GARLAND (Bow River): Not after the senior member for Ottawa (Mr. Chevrier) has cleared up the meaning of "any remote district." It seems that this is to apply to employees on such business as surveys, expeditions, and the like.

Mr. CHEVRIER: Certainly.

Mr. GARLAND (Bow River): In that case it will not be as vicious as if applied, as the minister's definition would lead me to believe it might be applied, to such remote places as Vancouver.

Section agreed to.

On section 10—Act not to apply to postmasters of certain revenue post offices.

Mr. GAGNON: As a difficulty arises on the interpretation of this section, I would ask the Secretary of State (Mr. Cahan) to consent to its standing over until after luncheon.

Mr. HEENAN: Some of us may not be here after luncheon. I thought we might have an explanation at least as to what procedure will be followed in filling these offices with less than $3,000 revenue. How will the returned soldier preference be maintained under these conditions?

Mr. CAHAN: This bill is simply an enactment of the various material paragraphs of the report of the select committee of this house which reported upon the administration of the Civil Service Act. I am not in a position to answer the question of the hon. gentleman in detail. Under 57a no particular line of conduct or policy has been discussed or even considered by the government when I have been present. It was suggested that the report might be carried into effect by order in council, but the view of the officers of the Department of Justice, confirmed by the Minister of Justice, was that it should be carried into effect, if at all, by express enactment. This section 10 is the proposed enactment.

Mr. HEENAN: I am not complaining about the section. I want to know how we are going to carry it out and at the same time protect the returned soldier. Surely the government must have some idea whether or not they are going to protect the returned soldier, and how. Hitherto these positions have been advertised in the different centres where the vacancies occur. Will this practice be followed, and by whom?

Mr. CAHAN: This section 10 provides that "the preference provided by section twenty-nine of this act, in favour of the persons mentioned therein, shall be applied in respect of appointments to such positions." This includes returned soldiers. I presume the government, when this bill is passed, will adopt such a line of policy as will maintain for the returned soldier the preference which he at present enjoys under the Civil Service Act. I cannot go further than that.

Mr. BROWN: How is it possible to apply the provisions of section 29 when those positions are taken from under the Civil Service Act? Under present conditions an examination of the candidates has to be held. Whether that examination is perfect or imperfect is not the point. There is an examination held, and under the act a returned soldier having sixty per cent of the qualifications takes the lead over the man who has one hundred per cent.

Mr. BOWMAN: They are all treated on the same basis so long as they come within the disability.

Mr. BROWN: He certainly has a percentage of preference under the act, and that is determined by the examination. He is given so much credit for his educational qualifications, his personality, and so on all down the line. Then an estimate is made as to whether the returned soldier in view of all the circumstances takes precedence over the man who is not a returned soldier. When all these positions are taken from under the act, how

is it possible to hold any such investigation and to determine on anything like a fair basis whether the returned soldier is really a competent man or not? Actually it rests in the hands of the man who has the gift of the position to say that in his judgment the candidate has or has not the necessary qualifications.

Mr. CAHAN: I think it is possible. Personally I have not taken one side or the other in connection with this report. I thought that perhaps it was not expedient that I, who nominally for the time being represent the civil service in this house, should do so. But there are branches of the public service in which appointments are made and which are not under the Civil Service Act. A large body of the employees of the National Revenue department are not within the provisions of the Civil Service Act. I know while I was temporarily performing the duties of minister of that department last summer a number of appointments were made, but in every case there was a thorough examination of all applicants, and the officials of the department reported upon the merits of those applicants irrespective of their political affiliations. I venture to say that the merit system is not necessarily restricted to the Civil Service of Canada as administered under the Civil Service Act. In my humble opinion it is quite possible in many cases to have a much better application of the merit system outside of the Civil Service Act. I have no doubt some regulations will have to be made whereby the preference given to the returned soldier shall, in accordance with this section, be retained. If it is not retained, my hon. friend, as a member of this house, will have full opportunity later to express his demand for a rectification of the procedure adopted.

Mr. BROWN: In actual practice, I think it will work out that the appointments will be made just as they were made under the old-fashioned system.

Mr. CHEVRIER: As a member of the committee, may I again say that it was the intention of the committee that the soldiers' preference should be maintained, and I am satisfied that it will be maintained if the regulations are followed out. There were two ways in which it could have been done. Personally, I should have preferred to have the recommendation of the committee submitted to the Civil Service Commission, so that the commission would have availed itself of section 59 of the act and made a report to the effect that in its view it was impracticable or no longer in the public interest that this portion of the service should remain within its jurisdiction, and then it would have availed itself of the last part of section 59, making regulations thereunder. It is provided that such regulations as are deemed advisable shall be made, prescribing how such positions are to be dealt with. If this is taken away from under the operation of the act, either by statute or by the operations of the Civil Service Commission, upon an order in council, though at present, it would seem to me, it will be taken away by the effect of the bill, then all those excluded positions are to-day subject to the old order in council No. 1053, which declares that the soldiers' preference must be maintained. At present all these exempted positions are subject to the provisions of that order in council No. 1053, and if they are exempted under the statute, it is quite competent for parliament to say that, notwithstanding that such position may be taken away from the commission, section 29 of the act shall apply, in which there is ample safeguard for all preferences to returned men. To my mind, whether you do it one way or the other, the soldiers' preference will be maintained; and at all events it was well settled in the minds of members of the committee that that preference should not be done away with.

Mr. CAHAN: I ask that this section stand for the present and that we proceed with the others.

Section stands.

On section 11—Retired private secretaries not to be entitled to positions in civil service.

Mr. HACKETT: This section would take away from the private secretary a prerogative which has been his for many years, I recommend that the committee consider very carefully some of the consequences of this section. The importance of the private secretary to his minister cannot be over estimated. A minister is dependent to a great extent upon his private secretary, and because of the importance of the position it has in the past attracted men of unusual sagacity, ability and great devotion to duty. Recently the practice of doing away with private secretaries who have served ministers of a previous administration has been modified, in the present government many of the ministers have retained the services of the men who had served their predecessors in office. This, I believe, is commendable. I do not think it has been known that a private secretary has ever been disloyal to the minister whom he was serving. The service as a whole, I sub-

mit, has been enriched by the absorption into it of men who have served as private secretaries. Private secretaries have opportunities for acquiring experience and becoming efficient administrators which many others in the service are denied; if we look about the service we find that many who are discharging important duties in high office in a commendable way have been in earlier days private secretaries. I am aware that some have protested that the provision of the Civil Service Act which this section would abrogate tends to lessen the ambition of the civil servant who has not been a private secretary, because he might be denied an opportunity for advancement by the appointment of a former private secretary to a position over him. There may be something in the objection, but I think, it should weigh very lightly in the scale when considered with the possibility of denying to the service the excellence, natural and acquired, of this class of men. I therefore ask the committee to hesitate before withdrawing from the private secretaries that stimulus to take up and perform very arduous duties which follows from the offer of a high and permanent position in the service when they have finished their days of secretaryship.

Mr. BROWN: Would the passing of this section mean that the private secretary, when he ceased to be such, would be eliminated from the service?

Mr. CAHAN: I understand that is the case. If a civil servant is appointed private secretary, while private secretary he is entitled under the law to an addition of $600 to his salary as civil servant. But a private secretary who is appointed at a time when he is not a member of the civil service, and who continues as private secretary for any term of years, would have no right to be appointed to the civil service upon the termination of his engagement as private secretary.

Mr. VENIOT: Except by application and examination.

Mr. CAHAN: He would have to work his way up from the bottom as though he had never been a civil servant.

Mr. NICHOLSON: I support what the hon. member for Stanstead (Mr. Hackett) has said. This is most unfair. Assuming that all private secretaries were released every time there was a change of government, and absorbed into the service, those who were so released and absorbed into the service would be only a small fraction of the total number of civil servants in Ottawa or in Canada. Anyone who has had experience with the departments and with the private secretaries of ministers over a period of years—I have had an experience of some fifteen years—cannot fail to realize that the private secretaries, from the Prime Minister's down, are perhaps the ablest men in the service. These men serve long arduous hours, they are at the beck and call of their own ministers, of members of the house, of delegations and of all types and classes of people from one end of this country to the other and to my way of thinking it would be most unfair to cast them adrift simply because a government has changed. I am unable to understand just what the committee had in mind in making this recommendation. There are men and women who served under previous administrations and who are to-day diligent in their services to present ministers. I do not know where you could find people more courteous and diligent than these private secretaries, and I feel that the clause should be amended.

Mr. BROWN: I am inclined to agree with the hon. member for East Algoma (Mr. Nicholson). I cannot imagine that the number involved would be very great, and I think it would be advisable to amend this clause. A private secretary must have the complete confidence of his minister and I think it is a credit both to the ministers and to the secretaries that those who served in the past have been taken over. I do not think this clause should pass as it might very well be that the very excellent service rendered by these secretaries might be required again in the course of a few years, as we think possibly might happen.

Mr. CHEVRIER: Mr. Chairman, it is with a lot of diffidence that I agree with the recommendation. During the eleven years I have been in this house I have come to appreciate the value of the private secretaries but, on the other hand, one must not lose sight of the fact that at every election there would be ten to fifteen men and women injected into the civil service. These men and women are not put into minor positions, they are entitled to chief and principal clerkships. There are conscientious men and women who for twenty to twenty-five years, and sometimes for thirty years, have been expecting promotions to these positions and I think it would be most unfair and against the merit system to inject these secretaries into the service over the heads of those already in the service. The service may be deprived of very efficient men and women but we must not blow hot and cold at the same time.

Mr. HACKETT: Does the hon. member consider that this would be a departure from the merit system? Does he not consider that private secretaries have some opportunity of establishing their merit and that they are appointed because of merit?

Mr. CHEVRIER: I can only answer my hon. friend by quoting the definition of appointments to the civil service. An appointment to the civil service proper is made only upon a competitive examination or a demonstration of skill. I have yet to be shown that any of these private secretaries have been appointed into the service upon a competitive examination or a demonstration of skill. So long as the merit system is defined along those lines I cannot logically admit that these secretaries are being admitted into the service upon a competitive basis. If there is a vacancy and these secretaries can bring themselves within the rules and regulations of the Civil Service Commission to compete in examinations, that course might be tried, but I think even then difficulty would be encountered. In the case of promotions or vacancies unless there are no departmental men or women capable of filling the position, no outsider can compete. The deputy head of a department must state that there is no one in the department in line for promotion to the vacant position before an outsider is allowed to compete. I think the course taken by the committee was a fair one towards the service and showed its intention that the merit system as described by the statute should be continued and that those employees in the service who have been long waiting for a promotion should not be debarred simply because someone who has served a minister well and truly is to be taken into the service.

When a minister comes into office he has two alternatives in the selection of a private secretary; he may appoint a new secretary or take over the secretary who served the previous minister. There are private secretaries who have served ministers under different administrations, and there are others who are appointed because of the fortunes of war and perhaps they should be prepared to go out when the fortunes of war go the other way. I think it would be a good thing if a system of permanent private secretaries was adopted.

Mr. NICHOLSON: In connection with the question raised by the hon. member as to actual merit against academic merit, I should like to ask the hon. member if he does not consider that when a minister appoints a secretary he does appoint one because of merit and ability. I think we can take for granted that when a private secretary is appointed he has some merit—merit at least equal to that of the majority of civil servants. He has, shall we say at least four years' experience with the minister, the deputy minister, members of the house and the public and is it not reasonable to say that the experience acquired, plus the ability he had when appointed, would put him on a level with the average civil servant? My hon. friend shakes his head but it is my opinion that a private secretary with the experience he has gained and the ability he possessed when appointed is just about equal to any man or woman in the category of the service to which he would be appointed. To my way of thinking it is most unfair to cast these men adrift simply because a change has occurred in the government. I have come in contact with former private secretaries who are now in the service and it is my opinion that their being there is of advantage to the service.

Mr. BOWMAN: Mr. Chairman, I think the senior member for Ottawa (Mr. Chevrier) has stated clearly the reasons why the committee brought in this recommendation. I agree with what the hon. members for Stanstead (Mr. Hackett) and East Algoma (Mr. Nicholson) have said with respect to the merits of the private secretary, but I cannot see that what they said with respect to being cast adrift applies because these private secretaries would have a right to compete for vacant positions.

Mr. NICHOLSON: To start at the bottom.

Mr. BOWMAN: Why should they not start at the bottom on the same basis as many others? After all, a man who has served perhaps twenty or twenty-five years in the civil service is entitled to some consideration. Why should a private secretary, simply because he has occupied for a year, or two, or three, or four years that position with one of the ministers, be given a position in the civil service in priority to the other man? Not only does this procedure deprive of promotion the man whose position is immediately below that given to the private secretary—

Mr. STEWART (Edmonton): Has this procedure deprived any civil servant of his promotion? I have never heard of such a case.

Mr. BOWMAN: If private secretaries are placed in positions of importance, of seniority, they must certainly stop the whole line of promotion from the bottom up.

Mr. STEWART (Edmonton): Not necessarily.

Mr. BOWMAN: I cannot see where they do not if we have a real merit system.

Mr. STEWART (Edmonton): Likely information on that point came before the committee, and I should like to know whether in recent appointments any private secretary to a minister has prevented promotion in the civil service.

Mr. BOWMAN: Unless an absolutely new position were created, I cannot conceive where that would not be the case.

Mr. STEWART (Edmonton): I hate to interrupt, but I thought the committee had evidence to that effect, because I saw a good deal of it in the newspapers. My private secretary was a civil servant and of course returned to the department, so I have no personal experience of the situation described. I was thinking of private secretaries to other former ministers and I have not heard of their displacing anybody.

Mr. BOWMAN: The committee have taken it for granted to this extent that where private secretaries have been given appointments in the civil service, they must take established positions; otherwise those positions would be open to competition in the usual way.

Mr. STEWART (Edmonton): Is it not provided in the act that they are to be given positions of chief clerk or better?

Mr. BOWMAN: Yes, but if that is done, they take positions which others now lower down in the service would ultimately fill, and so they stop the whole line of promotion. Personally I quite agree that some, from their experience, would prove to be very valuable civil servants; but after all, if you are going to have a merit system, they should enter the service just the same as anybody else, that is, by competition and merit combined. That and the reasons set out by the senior member for Ottawa were those that appealed to the members of the committee in bringing in this recommendation. We felt that a man who had a great number of years of experience in the position which he occupied in a department, should not have his right of promotion interfered with by the injection into the service before him, of somebody merely because the latter had occupied the position of private secretary.

Mr. CARMICHAEL: I wish to express my approval of this amendment as outlined in the proposed bill and to endorse the remarks made by the hon. member for Dauphin (Mr. Bowman), and the senior member for Ottawa (Mr. Chevrier). As I understand the situation, it is that a minister has a right to select his private secretary wheresoever he desires. A private secretary need not have any special academic qualifications; he is a man whom the minister selects to do his private work, whom the minister thinks will be capable of doing that special work. He is a man perhaps for whom the minister has a liking, who will be congenial, and a man, or, indeed it may be a lady, who will be capable of filling a position that may require a special personal qualification. But it does not necessarily follow that that particular person could drop into some department of government and fill just as acceptably a position there. Further, if I understand the practice correctly, it is that when a private secretary has held such a position for a year, if some change of government should occur or if for some other reason that secretary is thrown out of such a position, then he or she is required to be taken into the civil service in some department of government. I believe that to be a correct statement of the situation. When they are made permanent with some department, I understand they are given very handsome salaries. Surely there is no element of fairness in that procedure. It leads naturally to dissatisfaction among those other civil servants, many of whom may, as has been pointed out, have been in the department for a number of years and are anxiously waiting for promotion. This private secretary, who may not be at all capable, is taken into that department and given perhaps a position of seniority over those who have been there for ten, fifteen or more years. That is most unfair. If the provision were made—and I presume it exists—that private secretaries might come into the civil service through the method of examination just like any other applicant, that would be fair. In that case it would be open to any private secretary to come into the service under prescribed examination, and if he or she should be qualified for that position, he or she should be taken on and given a rating along with others.

As regards the argument that because a private secretary has left some other position, he should be given special consideration, in all fairness that argument is not used in reference to members of parliament. Members of parliament leave their callings and take their chances with the public for one year, or two or more years. But after the public says; We do not want you any longer, no special provision is made for us; we drop out and sometimes we may drop very hard, but we have to look out for ourselves. There is no department of government to reach out a welcome

hand and offer us a generous, substantial emolument for the rest of our lives, unless perchance, we might land in the upper chamber. Most of us, however, leave our callings, enter political life and take our chances. Generally speaking, therefore, it is only fair that the gentleman or lady who leaves some other calling and becomes private secretary to a minister, should, when the minister ceases to be such, take his or her chances just as the rest of us have to do.

Mr. HACKETT: The hon. member for Kindersley has apparently overlooked the red chamber.

Mr. CARMICHAEL: I mentioned that.

Mr. HACKETT: Members of this house have been known to retire there and not without some satisfaction to themselves. I would like, however, to bring the remarks of the hon. gentleman to this test. Is there an abuse? I suggest that this change should not be made unless it is to cure an abuse. Is there a man in the civil service who has been a private secretary who is unfitted and does not possess the qualifications for the position in the service which he now holds? If, as suggested by the hon. member for Ottawa, the definition of merit is not sufficiently broad to measure merit in its true sense, I think it should be amended. In any event I move, Mr. Chairman, seconded by the hon. member for East Algoma, that section 11 be deleted.

Mr. PECK: There is just one point that does not seem to have yet been considered, and that is the effect upon the present private secretaries. It seems to me that if we adopt the section as it stands it is going to deprive the existing private secretaries of the benefits they have a right to receive under the present law. So if we pass this section I think it should be only on the understanding that it does not take away from the present private secretaries the rights which they now have. These men and women have been appointed under a certain law, and they knew when they received their appointments that having served for a certain period they would be taken care of in the civil service. They have remained as private secretaries on that understanding. So I repeat, Mr. Chairman, that if this section is going to pass, it should be only on the understanding that those who are now occupying the position of private secretary shall have the benefit of the existing law. In other words, that this section be amended so as not to apply to existing private secretaries.

Mr. CHEVRIER: There is one word that I want to say on this amendment, and it is as to what is meant by the merit system. The merit system, as I understand it, is not the merit of the man who is trying to get into the service. The merit system is the system that finds the man best fitted for the position, then appoints him and protects him until his retirement, and sees that he is treated in an equitable manner. That, as I understand it, is the merit system. It is not the merit of the man outside trying to get into the service. If this amendment is carried, the meritorious employee will be deprived of the right of promotion, and therefore the merit system will suffer an encroachment. I think that those members of the house who feel that the merit system is the only one, and I am one of those, Mr. Chairman, who feel that the merit system is the only proper system for the administration of the civil service, cannot vote in any other way except against the amendment.

Mr. GAGNON: I would like to say one word, and that is that I gladly support the amendment which has been moved by the hon. member for Stanstead. According to the information I have, only about five or six private secretaries would be affected by the bill as it now stands, because most of the private secretaries have been taken from the service already. But the private secretaries who were appointed in July or August, 1930, entered the service on the understanding that should their ministers abandon their office for one reason or another they would be given a position in the civil service. Why should we be so strict, speaking about abuses and that sort of thing, when there are only about five or six private secretaries who are eligible to enter the service and why should we deprive them of an acquired right to be appointed to the service?

Mr. GARLAND (Bow River): I rise to a point of order, Mr. Chairman.

The CHAIRMAN: I would point out to the hon. member for Stanstead that there cannot be any amendment to strike out a section.

Mr. GARLAND (Bow River): That was my point, Mr. Chairman, exactly.

The CHAIRMAN: The point is well taken.

Mr. CHEVRIER: In answer to the hon. member for Dorchester, it does not make a bit of difference if there is only one private secretary to be absorbed into the service. That would be a sufficient encroachment on the merit system to warrant us in carrying this section as it stands.

Mr. ROSS: The argument that a person becomes a private secretary with the understanding of later on entering the civil service is, I think, a very poor argument.

An hon. MEMBER: Why?

Mr. ROSS: Why should a private secretary be given such a preference over those who have to take a competitive examination in order to enter the service? I have listened to the argument on both sides, and I repeat that that was about the weakest argument that could be put up, namely, that a person becomes a private secretary, I do not care under what government, with the promise that he is going to step into some nice job in the civil service.

Mr. STEWART (Edmonton): One comes to have a realization of the difficulties to be encountered when one has had experience. For example, in 1922, when the late government came into office we found the private secretary of the Prime Minister left high and dry after a good many years' service.

Mr. MACKENZIE KING: There were three of them.

Mr. STEWART (Edmonton): Yes, there were three, and this particular man was absorbed into the civil service and became a very valuable member of it. Another one is acting as private secretary to-day. I took my private secretary from the civil service itself, and when I went out of office he was absorbed back into the service. I do know, however, that I tried through the avenue of the Civil Service Commission to have provision made for two of these private secretaries who had been left stranded and we did manage to absorb them into the civil service. I do not know of any civil servant who has suffered in consequence of these appointments, and I thought probably the committee that suggested this amendment would have evidence to prove that people in the civil service who had earned the right to promotion had been prevented from being promoted by the absorption of private secretaries into the civil service at the time of the change of government. It does seem to me that a man who has acted as private secretary to a minister for seven or eight years, as some of these gentlemen whom we found out in the cold had acted, is entitled to some consideration. It is all right, as the hon. member for Kindersley has pointed out, to say that we as members of the house must take our chances, that we have nothing to look forward to after our term of service has expired, but I say, Mr. Chairman, that the man who acts in the capacity of private secretary, if he is worthy of the name at all, is a valuable acquisition to the civil service of this country. That is my feeling in the matter. Perhaps the provision in the old act, that one year's service as a private secretary entitles a man to entrance to the civil service, might be amended to call for a period of five or six years, but it seems to me that it is hardly fair that with a change of government five or six men who have given good service should be left out in the cold and have to seek some other employment. There are usually not more than that number.

Mr. NICHOLSON: One word, Mr. Chairman, in reply to the hon. member for Kingston City (Mr. Ross). I do not think he caught the implication of the suggestion with regard to the rights of those who have come into the service. At the time they came in the law provided that they would be taken care of. The law, as it stood, made provision for them, and if this legislation comes into effect they will not be cared for. The proposed legislation would undermine the conditions under which these men came into the service as private secretaries.

Perhaps what the ex-minister said may be worthy of some consideration, namely that the period of time they should serve could be extended from one to three or four years. However to take that class of man and say that he must go back and pass an examination to take a position as janitor or office boy, or some other position, and then to work up again, is grossly unfair. No business in this country could be built up by following that principle. These men and women have come into the service because of their exceptional qualifications, or they would not be here. They have served and are serving, and to pass an enactment saying that because a government or minister may change they must be cut adrift without any moorings whatsoever is in my view the most unfair suggestion I have heard brought before this House of Commons.

Mr. ROSS: I do not think my hon. friend appreciated my stand. I do not see any reason why these men should not pass a civil service examination. The best qualified clerk in any city or town, or anywhere else, cannot take a government position without passing an examination. If they pass civil service examinations they are eligible for positions. I come to the argument that nothing has been heard about anybody being hurt. How can one person be put into a high position with-

out hurting some person who did not get the position? How could it happen that somebody would not be hurt and that some one has not been stopped in his line of promotion, unless such people were appointed to unnecessary positions for which there was no competition. I cannot understand how any person could be picked up outside of the service and put into some high position in it without hurting everybody from that position down.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

On section 11—Retired private secretaries not to be entitled to positions in civil service.

Mr. CAHAN: Mr. Chairman, this bill is in accordance with the report of the select special committee, and the government has introduced the bill in order to carry out the views of that committee, but I think this discussion has led to a reconsideration as to whether section 2 of the amending act which was passed in 1929 should be amended in the form now proposed.

In selecting a private secretary I think there is no member of a government, entering upon his duties as minister of the crown, but has found very serious difficulty in procuring in the civil service men who are thoroughly competent and qualified for the position of private secretary. I do not reflect at all upon the members of the service who are subject to the direction of the Secretary of State when I say quite frankly that, excepting women in the service, it would have been impossible for me to find in that branch a man who was thoroughly qualified, or rather who had the qualifications which I desired, for appointment as private secretary. In the first place, the private secretary to the Secretary of State must be thoroughly competent in two languages. He should be a man of education, preferably a graduate of one of the colleges. He must be of a mentality and temperament which qualify him to deal not only with other departments and their officials but with the general public as well.

When I sought to obtain a private secretary I was disposed to retain the secretary of my predecessor in that office, who was a thoroughly qualified man. But in conversation with him I found that he felt some diffidence in remaining as my secretary. He had been carrying out the views of my predecessor in office who, to a certain extent, was a political organizer, and he felt that perhaps his political views somewhat debarred him from receiving my full confidence as my private secretary. When I sought to obtain another I asked at least four or five young men whom I thought were perfectly qualified. but each refused to accept the salary which would be available to the private secretary of a minister of the crown. A private secretary must attend to his duties from at least half past nine in the morning until midnight or later. He has no such hours of leisure as those which are allotted to the ordinary civil servant. In the course of two or three years I think he becomes more competent and more efficient to fulfil creditably the duties of a member of the civil service than any other class of men appointed to that service. Some of those who were appointed under the statute as it exists at the present time were induced to accept employment as private secretaries, and to carry on the duties pertaining to that office, at comparatively low salaries because they knew that under the statute, if they were not guilty of misconduct, they would be qualified for appointments, in the civil service, to the position of a chief clerk, when the minister should retire.

In discussing this matter with some of my colleagues and with other members of the house it was suggested that the public service could be adequately protected if a slight amendment were made to the statute passed in 1929, which is chapter 38 of the statutes of that year, making it necessary for a private secretary to serve not one year before qualifying for appointment to the service, but to serve at least three years before being eligible for such appointment. The section of the Civil Service Act as it now stands reads:

> . . . in the event of the minister or other member of the government, or the leader of the opposition for whom he is acting as secretary, ceasing to be a minister or member of the government or to be the leader of the opposition, as the case may be, the said secretary shall thereupon be appointed to a permanent position in the public service classified not lower than that of chief clerk, provided that the said secretary has been acting as such for a period of not less than one year.

It occurs to me that in justice to those who have already accepted appointment, and to insure that this section is not made use of for the purpose of qualifying for first-class clerkships men who have been placed temporarily in the office of private secretary, for the present every good purpose might be served if we simply amended that section by striking out the word "one" and inserting in lieu thereof the word "three," so that three years would be sufficient.

I should like to know how that amendment would meet with the views of the house. This is rather a difficult matter. Personally I feel under a moral obligation to the young gentleman whom I selected. I do not think he has any politics in the world. He is a thoroughly competent man in French and in English and is a college graduate who devotes himself in a most efficient way to the services which are required of him. He must be so competent as to relieve the minister of a great deal of the minister's share of work in the administration of the department. The Department of Secretary of State receives from four thousand to five thousand letters a week, which have to be distributed and dealt with. The minister cannot attend to that. Since I have been in the office, while I have been in Ottawa I have worked frequently at least fourteen or sixteen hours a day. I have no civil service hours, and during the session I keep my secretary employed till midnight more frequently than otherwise. And that man, with that experience with me, is, I am sure, as competent and as well qualified for civil service duties as any other young man seeking an appointment to the civil service could possibly be. I go further than that. There are in the Department of the Secretary of State some young women who would be thoroughly qualified for these duties, but it is impossible for a Secretary of State to retain a young woman at his office until midnight, taking her away on his official trips and all that sort of thing. It is necessary for me to have a young man as private secretary, and in that whole department I do not think there is any person, who would accept the position of private secretary, who is as well qualified as the young man whose services I secured, on the condition, well understood by him, that he came in under the provisions of this act, the repeal of which is now sought. I should like to have the views of hon. members with regard to such an amendment. I cannot move the amendment myself, but if the committee is favourable I would ask my colleague, the Minister of Finance, to move it.

Mr. RHODES: I beg to move accordingly:

That all the words after the words "said act" in the first line of section 11 of the bill be struck out and the following be inserted in place thereof:

"is hereby amended by striking out the words 'one year' in the last line of said subsection and by inserting the words 'three years' in place thereof."

Mr. CAHAN: The section now reads:

Provided that the said secretary has been acting as such for a period of not less than one year.

As amended it would read:

Provided that the said secretary has been acting as such for a period of not less than three years.

Mr. MARCIL: Does this mean that he must serve three years continuously with the same minister, or may he serve with different ministers during that time?

Mr. CAHAN: With any minister, I should say, in the capacity of private secretary.

Mr. MARCIL: Does the amendment provide for that?

Mr. CAHAN: As it stands now, the section provides that the secretary, either of a minister or of the leader of the opposition:

. . . shall thereupon be appointed to a permanent position in the public service, classified not lower than that of chief clerk, provided that the said secretary has been acting as such for a period of not less than one year.

I assume, and I think it is clear, that this means provided he has been acting as secretary of a minister of the crown or a leader of the opposition for three years, as the amendment now reads.

Mr. GARLAND (Bow River): When the motion for concurrence in the report of the committee was before the house, I ventured to move an amendment to one clause of that report which I regarded as objectionable. In reply to my amendment, hon. members, including some on both sides, suggested that as the report of the committee was unanimous we might as well accept it as it stood and not propose any amendment. Indeed, the Prime Minister went further, and having praised the committee for its excellent work and the unanimity of its decision, said:

Under these circumstances, so far as the government are concerned, we assumed that the unanimous judgment of the committee would be unanimously adopted by the house.

Now the government changes its mind, and we have, suggested by one minister and moved by another, an amendment to the bill, which amendment is just as objectionable as it was contended that my proposed amendment to the report was. I regard this section 11 as one of the excellent features of the bill. It restored the merit principle where the merit principle had been violated by the previous administration. I support the present section of the bill, and I am opposed to the amendment not only because the section in question sustains the merit principle throughout and protects the privileges and rights of civil servants, but further because every single organization representing the civil servants that appeared before the committee asked for this legislation. Further than that, the report of

the Civil Service Commission itself submitted in the year 1930 makes pointed reference to this very matter. Under the subject "legislation", at page 14, the report says:

Private Secretaries—

It would seem that a retrograde step was taken, in so far as civil service legislation is concerned, when chapter 38, 19-20 George V, was placed on the statutes. Legislation of this character has a tendency to dishearten the conscientious, hardworking employee whose chances of advancement are blocked by the preferment of an ex-minister's private secretary, and the lowering of interest in the personnel is reflected inevitably in the character of the work performed.

It is also open to question whether, from the point of view of efficiency and economy, the departments are benefited by having their higher supervisory positions filled by persons who are unfamiliar with their work.

Secretaries of ministers are certainly not familiar with the routine work of civil service administration.

In many instances, no doubt, the private secretary is a capable official who may, if he has had years of experience as private secretary in a department, speedily become of value to the staff. On the other hand, the tendency is to create in some departments unnecessary higher-grade positions, or to fill those already vacant with a view rather to the interest of the private secretary than to that of the department. It may be pointed out, further, that the legislation in question is contrary to the whole spirit of the Civil Service Act, inasmuch as private secretaries are appointed without competition, and the section of the act requiring that vacancies be filled as far as possible by promotion is contravened.

There is the definite printed recommendation of the Civil Service Commission, made to this house in the form of its annual report. In the evidence given before the committee every single organization represented on behalf of the civil servants recommended this very piece of legislation and opposed the granting of positions to private secretaries, especially the few positions available to men of that type. I quote from page 261 of the evidence. In this case it is given by the president of the Civil Service Association of Ottawa:

The Witness: Now, I would like to break a little fresh ground. There is the piece of legislation known as the private secretaries' amendment to the Civil Service Act, properly known as chapter 38, 19-20 George V, an Act to amend the Civil Service Act, assented to June 14, 1929, which we believe to be decidedly contrary to the principle of the merit system. Perhaps I could put it this way: A new government comes into office following a general election. A minister brings to Ottawa a young man he has selected to be his private secretary —John Doe. Already in this department is one Richard Roe, who has been employed in the service for twenty years, having successively held a junior clerkship, a principal clerkship and now is a head clerk—these various advances having been effected by promotion after the usual investigation by the Civil Service Commission. Richard Roe is now looking forward to a chief clerkship. There may be only one chief clerkship in that department; the present incumbent is some years older than Roe and is due for superannuation in a couple of years or so, but manages to hang on—human nature—most of us would do the same. In the meantime the ministry, with a small majority, is getting ready for the inevitable general election which in four years follows. The administration is changed. Under the legislation I have referred to, the minister, ceasing to be a minister or member of government, the said secretary (John Doe) "shall thereupon be appointed to a permanent position in the public service classified not lower than that of chief clerk, provided that the said secretary has been acting as such for a period of not less than one year."

The present proposal is to change that and make it three years. That is but a very slight improvement of an entirely incorrect principle. The evidence continues:

The department has no need, or no place, for an additional chief clerk. The elderly incumbent is now retired and John Doe fills the position. As a consequence Richard Roe's opportunity is postponed for years or it may be forever. Further, the principal clerk next in line to Richard Roe, the clerk grade 4, the clerk grade 3, grade 2, grade 1, all efficient public servants, all are in a like predicament. The line of promotion in that department is blocked indefinitely. Not only may this unfortunate circumstance occur after a general election, but it may occur in any department, at any time during any administration, when any member of the government ceases to be a member of that government.

Nothing that I could say would add to the very pointed and effective remarks of the president of the Civil Service Association given before that committee. Let us continue and endeavour to find out whether any damage has been done. The point has been raised by the hon. members for East Algoma (Mr. Nicholson) and Stanstead (Mr. Hackett) as to whether or not anyone has been injured by this provision. I quote from the evidence of the same witness as follows:

Q. How many positions are there in the civil service as chief clerk?

The position of chief clerk is the one to which these secretaries are supposed to go. Incidentally, it carries with it an emolument of $3,100 per year. The question continues:

Can you tell me, Mr. Bland—approximately? —A. In the neighbourhood of 200 or 250, with that salary.

Those are all the positions there are of that particular type. The evidence continues:

Q. How many private secretaries were put into the civil service after the election of 1918?

Mr. Bland: There have been 54 all together.

That is not a small proportion, 54 out of 250. Those 54 appointments had the effect of postponing indefinitely expected advancements within the service based on the merit system. These advancements might well have been anticipated, in fact should be anticipated by every occupant of a position within the service. I am opposed to any alteration of the present section in the bill. As I said at the outset of my remarks, this section is one of the bright features of the bill and I hope this committee will sustain the special committee in this regard.

Mr. MOTHERWELL: Mr. Chairman, if I understand rightly the words of the Secretary of State (Mr. Cahan) the proposed amendment leaves the section as it was except that the secretary must have occupied his position for four years instead of three.

Some hon. MEMBERS: Three years.

Mr. MOTHERWELL: Three years. Well, I am in favour of that and I find myself in accord with the Secretary of State in that respect. I have had experience in the provincial and federal houses with private secretaries and I know that when a minister takes office and finds the secretary of his predecessor holding the position, he feels that if his services are to be dispensed with, a position should be found for him. I do not think a secretary should be thrown into the street. I know that many ministers would be completely lost without their secretaries. I have had to do without one for the last two years and I do not know where anything is. My files are valueless, they are stacked up here and at home and it is nothing but provocation for me to find anything. I suppose that is one of the penalties of being in opposition, but I am learning something in the meantime. When we came into office in Ottawa my first duty was to find a place for my predecessor's secretary. I could not throw him out into the street and I had to look around the departments for two months to find a position in which to place him and I finally was successful in finding an opening in the Department of the Interior, and I believe he is still in that position. I was then in position to appoint a secretary of my own, which I did. My predecessor's secretary did not lose one day's pay, he went from one position to the other. I would not refuse the same right to my hon. friends as their time will come, perhaps before very long, and positions will have to be found for their secretaries. The only difference has been that the Liberal governments, voluntarily, usually have taken care of their predecessor's private secretaries, while the Tory governments, I believe, did not always take care of ours. I may be wrong, but I understand that one of the reasons for passing the previous amendment was that we wanted to make sure that our successors would treat our secretaries the same as we had voluntarily treated theirs. It may be that we were mistaken in mistrusting our hon. friends, but we wanted to make sure by law that our secretaries would be taken care of.

Mr. CHEVRIER: Mr. Chairman, I am in full accord with what has been said by the hon. member for Bow River (Mr. Garland), if I understand the Secretary of State correctly, his argument is that a large number of the present private secretaries accepted their positions in the expectations that they would be treated as fairly as the others. I have no quarrel with that statement, but I would point out that opposed to these fifteen or twenty private secretaries there are a vast number of civil servants who for twenty, twenty-five or thirty years have been expecting promotion. The time may come when they are able to step into the positions upon which they have had their eyes set, and they should not be denied that opportunity. Even the proposed amendment, which seems to be a sort of palliative, would be the worst possible encroachment upon the merit system, and I, for one, cannot accept it. I cannot agree to the infusion into the service of those who have served for three years or longer as private secretaries—notwithstanding the personal qualifications they may have—ahead of those who for years have been hoping to obtain a just reward for long and faithful service. If there is anything in the present merit system —and I believe there is a great deal—then the system of promotion on merit should be conserved. For that reason I am sorry that on this occasion I cannot accept the amendment of the Secretary of State.

Mr. MacINNIS: I do not wish to say very much in connection with this amendment and the clause of the bill that is now under discussion, excepting that I agree with the senior member for Ottawa and also the hon. member for Dauphin who were with me on the committee. Before we made this recommendation, we gave the matter a great deal of study and I consider the recommendation of the committee as embodied in the bill correct in principle. If so, then the substitution of three years for one year, as provided for by the amendment, does not alter the original principle involved. If it is wrong in principle that a person should come into the civil service in any way except by competitive

examination or promotion by merit, then the provision of a term of three years does not alter the situation. The hon. member for West Edmonton, Minister of the Interior in the previous administration, stated that when they came into office in 1922, they found it rather difficult to place the private secretaries who retired at that time with the outgoing ministry. It is rather strange that while the administration of which he was a member were in office from 1922 on, it was not until 1929, when practically they were leaving office, that it occurred to them to make this provision.

Another point which I wish to make is this: the hon. member for East Algoma says that those men, after having been a few years in office, would be thrown out on a cold world without any consideration, and that that is not fair. It may not be a desirable thing for those who have been thrown out in that way, but there is nothing unfair about it. It is, however, decidedly unfair to take them into the service without a competitive examination, over the heads of those who are already in the service and who have done good and faithful work. The same principle could be put in another way: temporary employees are on many occasions taken into the various branches of the service, but as soon as their positions become permanent, they have to submit to an examination and become permanent employees upon their merits or upon the standing they receive through that examination. Therefore, in my opinion, this clause of the bill should be passed as drafted and the amendment should be voted down because it is a violation of the main principle of the Civil Service Act.

Mr. MACKENZIE KING: In connection with what has been said concerning the merit system and what an amendment such as this one may lead to, there are one or two points which come to my mind as I think of what I have seen in the public service over a period of a good many years. Before the section under discussion was included in the act, I can recall that the practice on the part of ministers not infrequently was to appoint one who had been a faithful private secretary to some position in the public service other than a position for which an examination was required, and that what happened on more than one occasion—and I have two or three in mind at the moment—was that the private secretary of a minister was, on the eve of a general election, appointed to the position of deputy minister or assistant deputy minister by his minister who recognized the faithful nature of his service and was not prepared to leave to chance the future of one who had served him well over a number of years. I believe that is very apt to happen again unless some provision is made which will permit of men who have rendered faithful service as private secretaries, being looked after in the manner here provided. That is a feature to be considered. Those who are in the public service have every right to look forward to promotion to the highest positions in the service, and certainly to such positions as assistant deputy minister or deputy minister, as regards which it lies beyond the control of any civil service commission to make the appointment. If we are to revert to the order of things that existed in the past, I can well see where it is altogether possible that a number of private secretaries may receive appointments to positions of that kind by an outgoing ministry rather than that it should take chances with respect to what might become of its private secretaries. The permanent service might suffer more in the end so far as promotion because of merit is concerned.

As regards the position of a private secretary, it must be remembered that in the years that anyone is associated in that capacity with a minister, he acquires a knowledge of government business in a large way that cannot otherwise be acquired, and a knowledge which is of the utmost service to the country as a whole. There are some positions that men can train for and which, especially if of a technical character, admit of concentration on one particular line which brings its own promotion, but for that kind of all-round service which means a great deal to the public service in its relation to the public, there is no training that any man or woman can receive equal to that which a private secretary to a minister of the crown necessarily gains.

Further, members of the civil service generally have standard hours of work and other features of employment which are more or less regular, that do not apply in the case of private secretaries. The work of the latter is in large part not subject to limitations of any description; they are called upon to work at all hours of the day and night and with relation to all kinds of subjects; they are brought into touch with the public generally and they come to have an acquaintance in a large way with affairs throughout the dominion, all of which, it seems to me, merits a certain definite recognition on the part of the service in which they have been working. After all, a private secretary to a minister is in the civil service, or rather, in the public service—probably I should make that distinc-

tion—but he is certainly very much in the public service, and I think it would be a great loss to the country if there were not the possibility of men and women who are being trained under ministers of the crown, finding their way ultimately into permanency of some relationship with public affairs. The suggestion of changing the period from one to three years is wise; indeed, a period of three years is perhaps short enough. In the interests of the public service, I am inclined to think it is desirable to seek to retain permanently those who have had that kind of training which can be had only in association with a minister of the crown and from an intimate knowledge of the affairs generally of some department of government.

Mr. CAMPBELL: I wish to associate myself with those who have spoken in opposition to this amendment and in favour of the bill as introduced by the Secretary of State. I regret very much he has seen fit to alter the bill and to bring in this amendment. The principle involved in the original act is thoroughly vicious and the committee's recommendation is one that at the time met with the approval of the house. I see no reason why the house should change its mind at the present time. I fully appreciate the disabilities under which private secretaries labour, but in all fairness to the civil service, I contend the policy followed in the past has had a demoralizing efffect upon the whole service. Here we have men or women saddled on to the civil service with salaries ranging from three to four thousand dollars a year put into positions where they are not required at all and where very often, I understand, they do practically nothing simply because they happen to have been fortunate enough to have been a minister's private secretary for a short time. The effect on the civil service is to dishearten those who have had long and faithful service in that particular branch, and who are working at salaries probably very much below that which is given to this preferred class who have no particular knowledge of the work they are supposed to do. I think that something ought to be done to give this class of men and women a preference in the civil service—I quite appreciate that—but I think it should be done on the basis of merit and that they should be given a salary commensurate with the work they are doing. I see no reason whatever why they should be saddled on to the civil service to create all the disharmony and ill-will that the practice is creating at the present time. If we have to look after them, and I quite appreciate what the leader of the opposition has said, that something should be done for them, I would prefer that they be given a retiring allowance and take their chance of getting into the civil service in the ordinary way rather than that they be allowed to enter by the back door as this amendment provides. The amendment does not, as other members have suggested, change the original principle at all. It makes no change in principle whatever, but simply lengthens the time of service necessary to qualify for entry to the service, and I do submit to the Secretary of State that the amendment is an unfair one. It is unfair to ask the house to take a stand against the committee's report after the house has already agreed to that report. I hope that the Secretary of State will see fit to withdraw the amendment rather than force it through now.

Mr. LAPOINTE: I am in favour of this amendment, and I was sorry to see the section of the old act struck out. I am in favour of the merit system, and I admit that competitive examination is necessary for the good working of that system, but there is no rule without an exception, and this is a case where an exception must be made to the general rule. I do not think it would be possible for a minister to select a private secretary by competitive examination. Those who have been members of a government know that that is impossible. The private secretary is a confidential man. He has to replace his minister very often, and to act as a liaison officer between the minister and the public and between the minister and the officers of the department. If my friend from Mackenzie (Mr. Campbell) has known private secretaries who do not work—I do not know where he has found them. I have never seen in any department a private secretary who does not work. They work a good deal more than most of the civil servants, and it would be impossible for a minister to attract to his service as a minister of the crown a man who must have the education, the culture, the tact, and the many other qualities that are necessary to make a good private secretary unless there was a provision of this kind to give him some guarantee for the future. That has always been recognized. I was not here this morning and I do not know whether what I am about to refer to was mentioned or not. But in 1908 when the Civil Service Act was enacted and the first Civil Service Commission appointed, and the merit system introduced into the service, it was recognized that the case of the private secretaries was a special one.

Mr. CAHAN: That has not been referred to. I was holding it in abeyance to use if

necessary, and I hope that my hon. friend will fully state the case because it lays down a principle of long standing in the Civil Service Act.

Mr. LAPOINTE: Hon. gentlemen will find that chapter 16, section 81, of the revised statutes of 1906 provides:

> Any member of the civil service may be appointed private secretary to the head of a department, and may be paid an additional salary not exceeding six hundred dollars a year whilst so acting.
> 2. No salary shall be payable to any private secretary unless the amount has been voted by parliament.

That was the law as it existed prior to 1908. In 1908 the Civil Service Amendment Act was enacted, section 39 of which reads as follows:

> Any person chosen by a minister to be his private secretary may, without examination and irrespective of age, be appointed for a period not exceeding one year, and paid as a clerk in subdivision B of the second division, and after one year's services as such secretary he shall be deemed to be appointed to such rank.

In 1912 by chapter 15, section 1, that section 39 was repealed and the following was substituted therefor:

> Any person chosen by a minister to be his private secretary may, without examination and irrespective of age, be appointed a clerk, for a period not exceeding one year, in subdivision B of the first division or in subdivision A or subdivision B of the second division, and shall be paid a salary not exceeding the maximum salary of the subdivision to which he is appointed, and after one year's service as such secretary he shall be deemed to be permanently appointed to the inside service at the salary which he is then receiving as such clerk and with rank in such subdivision.

So, from the very first it has been recognized that the case of the private secretaries was a special one and that they should be given permanent employment in the service after having acted as private secretary for a certain length of time.

The objections to the law of 1908 and of 1912 were that after a year of service as private secretary to a minister the private secretary was a permanent officer of the department and the minister could then appoint a new private secretary who, after one year of service, might also be appointed permanently to the civil service. There were certainly objections to a system which would have allowed a minister to appoint many persons to the civil service permanently after having first served him as private secretary for one year. So that section was repealed in 1918, but it was found afterwards that it was necessary to give some permanency to the private secretaries acting bona fide for a minister of the crown as such, and that is the reason why the amendment of 1929 was enacted. I believe, Mr. Chairman, that it is advisable to substitute three years for one year, but after my experience as a member of the government for a few years I really believe that it is good policy to make an exception of all the private secretaries, and I am therefore supporting the amendment.

Mr. CHEVRIER: The amendment will not carry unanimously. I desire to register my most emphatic protest against it. All I desire to say in conclusion is this. I see no good purpose in helping out one or two or three undoubtedly well-deserving and well qualified employees, at the same time ruining the hopes and destroying the ambitions and forever wiping out the legitimate desires of a large body of civil servants just for the sake of giving a few a reward which could well be given in other ways.

Mr. SPEAKMAN: Mr. Chairman, having listened to the debate and given the matter some considerable thought I wish simply to state my opinion. Both from personal knowledge and from what I have been able to learn from men better qualified to speak than I am, the private secretaries are men who must be exceptionally well qualified, and must give excellent service or they would not hold their positions. Further I realize that they have qualifications which, in a sphere suitable to their training, would fit them for services to their country. But, Mr. Chairman, while I believe they should receive recognition I do not believe they should receive it at the expense of four or five times their number, at the expense of men who may have given equally good service, and have developed expectations to which they are entitled, and which have kept up their morale and ambition. By reason of the appointments they would find these positions nullified.

As I have said I believe some provision should be made for them, but not at the expense of four or five times their number, not at the expense of men whose further advancement would be blocked, and who would have to renounce positions for which they were qualified and to which they had looked forward so long. For these reasons I shall oppose the amendment and support the section in the bill.

Amendment agreed to: Yeas, 44; nays, 21.

Section as amended agreed to.

Section 12 agreed to.

On section 13—Retirement from office of present civil service commissioners. Tenure of office of commissioners.

Mr. CAHAN: In this connection I am about to suggest an amendment, which I shall ask one of my colleagues to move. The suggestion has been made that a civil servant might be appointed a member of the Civil Service Commission, that there are men who as civil servants have had a wide experience in the administration of the Civil Service Act, and that such men should not be debarred from appointment to the commission. However these civil servants are now entitled to superannuation under the Civil Service Superannuation Act. From time to time they have paid in to the pension fund, and if appointed as members of the Civil Service Commission they should not be debarred from the benefits to which they are entitled under the Civil Service Superannuation Act.

I am not making any promises on behalf of the government. I have not discussed with my colleagues the matter as to whether or not a civil servant is to be appointed a member of the commission, but I do say that a number of representations have been made by hon. members on both sides of the house that the government might favourably consider the appointment of at least one civil servant as a member of the Civil Service Commission.

The amendment which I am about to suggest, and which I will ask one of my colleagues to move, is that section 13 of the bill be amended by adding to the new subsection (3) of section 3 of the Civil Service Act a paragraph which I shall read in a few moments. Subsection 3 of section 3 now reads:

> Each commissioner shall hold office during good behaviour for a period of ten years from the date of his appointment, save that his tenure of office shall cease upon his attaining the age of sixty-five years.

The amendment proposes to add the following words:

> Provided that if a civil servant, who is a contributor under the provisions of the Civil Service Superannuation Act be appointed to be a commissioner, he shall be eligible, notwithstanding the provisions of the Civil Service Superannuation Act, to continue to be a contributor under the said act; his tenure of office as commissioner shall be counted as service in the civil service for the purposes of the said act, and he, his widow and children, or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said act; and in case his tenure of office shall cease as in this subsection provided, or in the event of his being retired from the said office of commissioner for any reason other than that of misconduct, he shall be eligible to receive the same benefits under the said act as if his office as commissioner had been abolished.

[Mr. Speakman.]

Mr. RYCKMAN: I so move in amendment.

Mr. VENIOT: On what basis do you fix the amount he shall contribute? Will it be on his salary as commissioner?

Mr. CAHAN: The salary he is receiving.

Mr. STEWART (Edmonton): Mr. Chairman, is not the minister erecting a preference for the appointment of a civil servant to this position, inasmuch as he is not providing for superannuation or retiring allowance for the commissioners. It seems to me that there should be no bar to a civil servant acting as a commissioner, but I believe further that unless he is willing to accept the position on the same basis as the other gentlemen who will occupy the position with him, it would be somewhat unfair. There would be a preference to the civil servant accepting the position. I see no reason for interfering with his superannuation, which would take effect the moment he accepted the position on that basis. It does strike me that unless the three commissioners are permitted to contribute to the superannuation fund on the same basis, a preference is being offered that is quite unwarranted.

Mr. HACKETT: I heard the question asked by the hon. member for Gloucester, but I had some difficulty in reconciling the answer given with the act as I recall it. The act provides for contributions by civil servants on certain well-defined salaries. I could understand that a commissioner, during his period in office, might be permitted to continue to contribute to the superannuation fund as if he were still a civil servant. That could be done without amending the act, but if I correctly understood the answer of the Secretary of State it is suggested that the civil servant who might become a civil service commissioner would contribute on the basis of his salary as a civil service commissioner, which might be considerably higher than his previous salary.

Mr. CAHAN: I was wrong if I made that suggestion; the bill itself says he may continue to contribute on the same basis as though he were still a member of the service.

Mr. HACKETT: I might also say to the hon. member for West Edmonton that this is not an innovation. As an example, the

recent appointee to the Board of Railway Commissioners is continuing his service as a judge, from the point of view of the Judges Act, with regard to his retiring allowance. When he has completed his service on the Board of Railway Commissioners that service will count as if he had continued to be a judge, and if I have correctly understood the legislation he will be entitled to the benefits he would receive otherwise under the Judges Act.

Mr. STEWART (Edmonton): In the meantime he is not drawing his retiring allowance, and under the Judges Act he has not contributed.

Mr. HACKETT: There is no contribution under the Judges Act. At the end of his service, or in the event of loss of health, he will be entitled to claim his pension just as if he had continued to be a judge.

Mr. STEWART (Edmonton): Is my hon. friend sure of that statement: I fancy that his service on the commission will not count; that is, his retiring allowance will start from the date he accepted the appointment to the railway board.

Mr. HACKETT: Probably that is not of interest to the committee. We both might read the act again.

Mr. VALLANCE: In the event of a civil servant being appointed to the commission, during his term as a civil service commissioner would he pay at the rate he was paying before he accepted that appointment? For instance, the hon. member for West Edmonton suggests that while one commissioner might be appointed from the civil service, the other two commissioners might be appointed from any other walk of life. I wonder if my hon. friend is aware of the fact that while under the Civil Service Act no more than three commissioners can be appointed, this government may see fit to appoint only one or two commissioners. If they appoint only one commissioner they may increase the salary to $10,000 or $12,000, and if that commissioner is appointed from the civil service and is to be retired on that salary of $12,000 or $10,000 after paying 5 per cent to the superannuation fund during his period of office, I think that should be looked into.

Mr. BOWMAN: As the act stands at present I do not think the objection taken by the hon. member for South Battleford would apply, because section 6 of the act definitely fixes the salaries of the commissioners at $7,000 and $6,000 a year, and that provision is not altered by the bill under consideration.

To be quite frank, I was hoping that this section of the act would be amended to provide higher salaries. Recently the radio bill was introduced in the house, and it was suggested that the salary of the chairman of the radio commission should be $12,000 per annum, while the salaries of the commissioners should be $10,000 per annum. Personally I think that is much too high; I do not see how we can think of paying $12,000 to the chairman and $10,000 to the other members of the radio commission while we only pay $7,000 to the chairman and $6,000 to the other members of the Civil Service Commission. As I stated previously, I think this is one of the most important commissions in Canada, if not the most important, and we should have men on that commission of very high character, strict integrity and considerable business ability. I am very strongly of the opinion that we will not get the right kind of men until we pay salaries commensurate with the duties that are performed. Personally I would have liked, and would still like, to see an amendment to the Civil Service Act authorizing the government to pay higher salaries than are set out at present in the Civil Service Act.

Mr. VENIOT: Since I asked the question in this regard perhaps I may be permitted to make a suggestion for the consideration of the minister. I believe the Civil Service Commission would be very considerably improved if we had on it a commissioner appointed from the civil servants of Canada. But if we appoint a man who has been drawing a salary of $5,000 to $6,000 to a position paying $7,000 or $7,500 I think it would be wrong to permit him to make his contribution to the superannuation fund on the basis of that $7,000 salary, because his pension will be calculated upon the salary he received previously.

The suggestion I have to make is this, that if a civil servant is appointed to the Civil Service Commission he should be permitted to continue paying into the superannuation fund on the maximum salary of the position which he held previously, and that the number of years he served on the commission should count to the full in calculating the pension.

Mr. MARCIL: I have personal knowledge of some cases of judges who were appointed lieutenant governors. The time served in that capacity is counted as though they had been on the bench. Of course they received only one salary, but on retiring from the post of lieutenant governor the years they served

there counted as though they were served on the bench. I think it would be a mistake now to put a civil servant on the commission and ask him to contribute to the pension fund on the basis of his salary as a civil service commissioner unless the other commissioners were placed in the same position.

Mr. CAHAN: The proposed amendment provides that he shall be eligible, notwithstanding the provisions of the Civil Service Superannuation Act, to continue to be a contributor under the said act. So that the superannuation act would apply if he continued to contribute as he had done in previous years.

Mr. VENIOT: It is clear enough, do you think?

Mr. CAHAN: It seemed to me so.

Amendment agreed to.

Section as amended agreed to.

On section 10—Act not to apply to postmasters of certain revenue post offices.

Mr. SPEAKMAN: In regard to section 10, I have not been on the special committee nor have I given to the subject the special attention which the members of that committee have devoted to it. At the same time, with the little knowledge I have of the situation, I am very strongly opposed to this provision. I think it was stated by the Secretary of State that the report itself had been accepted unanimously. That is true so far as the committee goes, but it is not true with respect to the house itself. I fancy the Secretary of State, when he spoke of unanimity, was referring to the committee and not to the house, one section of which is very definitely opposed to the clause now before us, and which registered its objections in an amendment which was moved to this provision as it appeared in the report itself.

I am not going to speak at any length on this occasion; in fact I will not do more than make one or two comments on one phase of the matter. From our experience in the past and from what we have seen in respect of similar post offices and similar positions, there is no question in my mind that these appointments will be made very largely upon the recommendation of the sitting member from the constituency concerned, if that sitting member is a supporter of the government, but not necessarily otherwise. Now it has been argued by members of this house who support this clause that one of the definite duties of a representative is to represent his district with respect to appointments such as these, as well as in all other matters; that the member elected by the people representing a riding is possibly the best qualified man in the country to suggest the most suitable person to fill a position of this kind; and further, that being an elected member and being responsible to his constituents it would be to his interest to see that the very best men were appointed to fill such positions as came in contact with the general public. There may be something in that. But the experience of the past has also taught us that when such appointments are made on the recommendation of the member that member is understood to be a follower of the government in power. In a constituency represented by a member who is not a follower of the government, whether a member of the opposition or of any independent group, then the power of recommendation lies not in the hands of the member but in the hands of the defeated candidate or of the committee that supported him during the election. This, while not recognized in law, is so thoroughly recognized in practice that it has been taken for granted. There might possibly be some excuse for placing on the statutes this provision, that, as a member and as part of his duties, the elected representative should have some responsibility in regard to appointments. That would place it upon a certain basis of principle, and though I think the principle would still be wrong, nevertheless there would exist some basis of principle. But when that is not done, when the appointments are made as they have been made in the past and as undoubtedly they will be made in the future, then it is based upon no principle whatever but is simply a reversion to the most blatant form of political patronage. For my part, I cannot understand any member being anxious to secure political patronage. I remember that when the Right Hon. Arthur Meighen was leader of the opposition, speaking to me on this very point, he made the observation that he could not understand any member of the house or of the government being desirous in any way of extending the field of patronage or of securing for himself greater responsibilities than he already had, inasmuch as every position which he filled meant that he created nineteen enemies and one ingrate. That may be so, but there are a great many who are perfectly willing to accept that responsibility and face that danger. I am not going to take up the time of the house on this question. Nothing I can say will alter in any way the opinion of the house, but for my own sake and in order to make my position clear I say not only that I am definitely opposed to this clause but that in its actual working-out, what

has been said by various members as to responsibility of the member and the principle which underlies it, the principle of representation, has no bearing upon the question at all. This will be simply a reversion to that type of patronage which I consider most objectionable, and from which this class of the public service has been freed to a large extent; and so far as I can judge it will, particularly in those parts of Canada about which we have heard so much during the last few days, simply result in confusion in the ranks of the public service. There will be a host of dismissals after every election and a host of reappointments by political friends, and to that extent there will be a destruction of the merit system upon which we pride ourselves that our public service is based. I cannot speak too strongly against that phase of the report nor can I possibly support the amendment.

Amendment agreed to.

Section as amended agreed to.

Bill reported.

WINDING-UP ACT AMENDMENT

The house resumed from Friday, May 20, consideration in committee of Bill No. 81, to amend the Winding-up Act.

Mr. GUTHRIE: Mr. Chairman, this bill was passed by the committee but stood over at my request in order that an amendment might be made to bring it up-to-date with the amendments to the Bankruptcy Act passed last week. I move that the following be added as Section 3:

Section 23 of the said act is amended by adding thereto the following subsection:

(2) In the case of any company except building societies, incorporated banks, savings banks, insurance companies, trust companies, loan companies and railway companies, the court shall not appoint as liquidators any person who is not licensed as a trustee under the Bankruptcy Act.

Amendment agreed to.

Bill reported, read the third time and passed.

SUPPLY

INDIAN AFFAIRS

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, an arrangement was made with the hon. member for Mackenzie (Mr. Campbell) to go into supply in order that he might have an opportunity to discuss a certain matter, and I therefore move that the house go into committee of supply.

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

NATIONALIZATION OF RADIUM

To provide for expenses connected with the administration of Indian Affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc., and a grant of $100,000 approved by parliament in the session of 1926-27, $3,873,000.

Mr. CAMPBELL: Mr. Chairman, under this item I desire to discuss the matter of government control or nationalization of the radium deposits in the Great Bear lake district. The material which I have under my hand would take me forty minutes or more to place on record, but because of the lateness of the time and the desire for early prorogation I have abbreviated my material and will take up as little time as possible. However, I consider that this matter is of sufficient importance to merit some consideration by the committee even at this late date. I had arranged with some hon. members of the medical profession to assist me in this discussion and to deal with it more from the technical standpoint, but unfortunately several of these hon. members were obliged to leave over the week end and are not present. Perhaps I may be permitted therefore to deal with this matter from the technical point of view.

I have gone very carefully through the report of the cancer commission recently appointed by the Ontario government. I refer to what is known as the Cody commission. In this report it is pointed out that the facilities in Canadian hospitals for dealing with cancer are totally inadequate, that is with respect to the supply of radium. It is stated that the largest hospital in Ontario has less than half a gramme of radium on hand while some clinics in the United States, the British Isles and on the continent of Europe have eight or more grammes. I might point out that there are about twenty-eight and one-third grammes to an ounce. At the present time a gramme of radium is worth about $70,000 and there is only about one pound available in the whole world. There are about sixteen grammes of radium in Canada at the present time. The commission's report states that at present day prices radium to the value of about $200,000,000 is urgently needed throughout the world for the war on cancer. The commission

recommends that the government appoint a radium commission for the purchase, control and distribution of that product. It is pointed out that in Great Britain there is a national radium trust and a radium commission to look after the purchase, distribution and use of radium. Belgium, it appears, produces about 95 per cent of the world's annual output of radium, and the control by the Belgium government constitutes a trust which limits the supply, holds the price at the figure I have indicated and prevents there being a sufficient supply to meet the needs of the world. Radium is particularly valuable because it is practically indestructible. The report indicates that the mass disintegrates at the rate of one per cent every twenty-five years. Therefore the radioactivity of radium will last for a period of about 2,500 years.

With respect to cancer, the report states that this disease is wide-spread, and the evidence appears to be conclusive that it is increasing over the whole world. In the mortality returns for every country in the world, cancer has ousted tuberculosis from second place in causes of death, the first being held by heart disease. In 1929, deaths from cancer in Canada numbered 88.7 per 100,000 of the population; in 1930, the last year for which figures are at present available, this had risen to 93.3. In the United States, in 1930 the number was 96 per 100,000, while in 1900 it was only 63. The report points out that from the beginning of the time when there were tabulated records, there has been a progressive increase in the number of deaths from cancer. Taking the state of Massachusetts alone, in 1842 the deaths per 100,000 were only 13; in 1860 this had risen to 26; in 1900, to 71, and in 1928 it had risen to the alarming figure of 130. May I quote from an address delivered by Senator McRae and quoted in the Ottawa Journal as follows:

Doctor Ellis MacDonald, director of cancer research in the university of Pennsylvania, says that 100 additional grams of radium, if properly applied, would save in the United States alone the lives of 30,000 people every year.

. It goes on to point out that the supply and the price are under the control of the Belgian trust which is a part of the activities of the Belgian government. Radium is mined very largely in the Belgian Congo. I understand guards surround the mines so that no one can go there and see what is being done and there seems to be a general suspicion that the supply is limited and controlled to such an extent as artificially to raise the price and to limit the supply of radium available for the use of the world.

[Mr. Campbell.]

May I quote again from a Canadian Press despatch from Calgary, dated April 20, as follows:

A warning that European interests were seeking control of Canadian radium production was voiced to-night by Doctor H. W. McGill, Conservative member of the Alberta legislature for Calgary.

Doctor McGill made the disclosure just prior to his departure for Edmonton to attend a meeting of the Medical Council of the Alberta College of Physicians and Surgeons. He said he would place the matter before the meeting.

May I again quote from a recent editorial in the Toronto Globe? It says:

Some anxiety is expressed by those who assume to speak for mining interests lest General McRae's proposal for government control of the new radium deposits in the Great Bear lake region may lead to confiscation of rich ores anywhere, and thus menace the whole mining industry: Such an inference is surely not warranted.

Senator McRae made his appeal in behalf of suffering humanity, which needs radium for cancer treatment and can get it only at very high cost. Only a few days ago a New York hospital received five grams of radium on loan from Belgium, and the value is set at $350,000. If Canada has the reputed great quantity of radium in its pitchblende ore at Great Bear lake, it has a chance to render a tremendous service, but it should be done on a fair basis.

Again from a recent editorial in the Ottawa Journal, may I quote as follows:

Those who realize what radium has come to mean in fighting the scourge of cancer must welcome these words, spoken in the Senate on Wednesday by Mr. Meighen:

"Government control of radium production and conservation is having immediate and earnest consideration. It looks as though Canada had a supply of radium of inestimable value to this country and to the world, such as to imply the necessity of a thorough and most careful investigation. I am confident that a policy involving control by the government will be worked out."

Radium is manufactured in a number of countries, the first factory having been started in France six years after the discoveries of Mme. Curie. But while small supplies come from Bohemia, Colorado and Portugal, the chief source of production is in the Belgian Congo, and, unfortunately, a monopoly. The result of this monopoly, so it is alleged, is that radium is at a prohibitive price, its benefits denied to the vast majority.

In the Senate on Wednesday Senator McRae said there was a danger of Canada's radium supply passing into the hands of foreign control, a development that would withhold its benefits from the Canadian people. This, should it come to pass, would be intolerable. The province of Ontario has just had a report from a cancer commission urging the creation of cancer clinics and the use of radium in combating the disease. It would be a crime if, in the light of this, Canada permitted outside interests to step in, seize control of her radium resources, and exploit them for private profit.

I may say that I have under my hand a considerable number of geological reports on the Great Bear lake area. There is, of course, a good deal of doubt as to the extent of those deposits, and owing to the desire to save time now I shall not quote from those reports as extensively as I had intended. I shall, however, refer to a few of them just to show that they indicate, in the opinion of geologists, there are reasons to believe we have in that area a very considerable amount of pitchblende or radium ore. From memorandum series No. 51, issued by the Department of Mines in October, 1931, I quote the following:

> From a small surface pit sunk to a depth of twelve feet at the original discovery point, eight tons of cobbed, high-grade pitchblende were taken in the early part of this year.

Again it says:

> Beyond any question, the pitchblende deposits at La Bine point constitute a very valuable source of radium. At the present value of radium, ore could easily meet the cost of shipment to rail ($400) per ton. Improved transportation facilities, however, will have to be provided if serious production is to be attained.

Then it goes on to explain what the transportation facilities are at the present time and which would appear to be totally inadequate to render any service in the movement of ore from that area to outside points. May I interject at this point that owing to the impossibility, as those reports indicate, of getting the ore out, I see no object whatever in throwing that area open at the present time, and I suggest to the minister the necessity for keeping it closed and withholding development until better transportation facilities are provided. The report goes on to give a good deal of technical information which is valuable for my argument, but owing to the limited time, I shall not weary the house with it.

Again, from memorandum series No. 48, issued in March, 1931, by the Department of Mines, I quote the following:

> There is no question but that an interesting discovery of pitchblende has been made. Its possible commercial value can necessarily only be determined by the proving up of tonnage, and this will have to await results of further development work.

I quote from a similar bulletin issued by the same department entitled, "Mineral development activities in district of Mackenzie, Northwest Territories," and under the heading of "Pitchblende and Silver" I find this:

> According to assays made by the Department of Mines from samples obtained at La Bine point, Echo bay, at the east end of Great Bear lake, the pitchblende deposit is very rich in uranium oxide assaying from thirty per cent to sixty-two per cent, corresponding to a content of one gram of radium in thirteen tons and six and a half tons of ore respectively. These pitchblende veins have been traced over a number of claims. Silver is associated with the pitchblende in the form of wire silver or leaf silver. Silver contents have been found to range from 1,634 to 8,965 ounces per ton.

From a similar bulletin by D. F. Kidd, geological survey, Department of Mines, entitled "The Great Bear lake—Coppermine river district" I quote:

> Two main types of mineral deposits have been found in the area; (a) copper deposits; (b) pitchblende deposits with silver and silver deposits.

The article goes on to explain the discoveries, but I shall not take up the time of the house elaborating on that.

There would appear to be every reason to suppose that sufficient radium for the world's use will be secured in that area, and Canada owes it as a sacred duty not only to our own people but to suffering humanity throughout the world to prevent this very valuable resource from falling into private hands, or at all events to see that if it does fall into private hands it shall be properly controlled by the government and be conserved for the use of suffering humanity. The existence of the Belgian trust, the activities of that body, and the extent to which the price of radium has been raised in consequence, make it urgent that the Canadian government on behalf of the Canadian people should take an interest in this matter and see that something is done before it is too late.

I had a number of questions to submit to the minister with respect to this matter, but I shall not put them on record now. In order to save time I handed a memo. to the minister this afternoon, and I trust that in his reply he will cover the questions that I raised therein.

There are other evidences on record to prove that the Belgian government are making an enormous profit out of this trust in selling radium at the price of $70,000 per gramme. The results are of tremendous benefit to the Belgian treasury, but at the expense of sufferers throughout the world.

The Department of Mines of Canada estimates that the cost of producing radium from the Great Bear lake area should not exceed $10,000 per gramme, and in this $10,000 is included $4,000 as the cost of freight under present conditions of transportation. If railways covered that area making it accessible, say, to Winnipeg or Ottawa, where there is cheap electric power, the radium could be purified at the minimum of cost—

Mr. MURPHY: Might I ask from what report my hon. friend obtains the figure as $10,000 per gramme as the cost of production?

Mr. CAMPBELL: That figure is given in one of the reports issued by the Department of Mines. I intended to quote my authority for the figure, but owing to the desire to save time I did not make a note of it, but I got the figure from one of the bulletins issued by the department. Deducting freight of $4,000 per gramme would leave the production costs at $6,000 per gramme, and if one figures $200 per ton, on a basis of ten tons to produce one gramme, which I think is a conservative estimate from the reports from which I have already quoted, it would bring the production costs down to about $6,200 per gramme. Now my argument is this. It is uneconomic and unfair to the people of Canada to try to develop this resource with the transportation facilities that are available in that area at the present time. I am not worried about the development being held up. On the contrary, let us hold it up until the proper time when proper transportation facilities are provided. If this area is as rich in radium, copper, silver and other minerals as we have reason to suppose, there is no doubt that railways will be built into the area in time, and when railway facilities have been built the cost of producing radium will be brought down to a point where it can be made available to all our hospitals.

Judged by the publicity which this area has received, there is no doubt that there will be a rush into the district this summer. Various press reports that I have under my hand would indicate this. There are great dangers in that. These claims will be taken up. With the present difficulty in getting in supplies there is little or no doubt that there will be practically no development work done at the present time. As a matter of fact, the Department of Mines itself has declared a moratorium as regards assessment work on these claims, so that those now staking claims are given one year's extension in which to do the necessary amount of work, and there is very little doubt that when another year comes around there will be demand for another moratorium. There you have a valuable natural resource held in private hands. The moratorium secures to the claim holders their rights, but at the same time the natural resources are being alienated from the public. In connection with the movement of stake-claimers into that area, may I quote from an article in the New York Sun of April twentieth last, which says that one thousand veteran gold prospectors will set out from various parts of the United States and Canada for the Great Bear lake district in the hope of staking their claims this year.

The Ottawa Citizen of April 28 had a copyrighted article by Frederick B. Watt, referring to the silver in that district assaying ten thousand ounces to the ton, and the article states that at the present price of silver this would mean $2,500 a ton.

May I refer to the statement made by the Prime Minister when introducing the radio bill into this house a few days ago. He stated that there was no doubt that at some future time the people of Canada would regret that any of the natural resources had ever been alienated from the crown, and that remark provoked applause from every part of this chamber. He stated that the air, which is one of our natural resources, was now to be preserved to the people of Canada. If that principle is sound with respect to the air as a natural resource, I say that it is doubly true with respect to something that is needed to preserve human life—the use of radium—and I do hope that the minister before this debate ends will indicate some policy on the part of the government that will give us a hope that this natural resource will not be alienated from the people of Canada. I trust his statement will be just as strong as, and perhaps a little stronger than, the statement from which I quoted issued by the government leader in the Senate.

Mr. IRVINE: I should like to endorse the sentiments expressed by the previous speaker, and perhaps go a little farther in respect to the natural resources to which he has referred. He laid emphasis upon the necessity of controlling the exploitation of radium in the different sections. I agree with him, but I should like to go farther and say that other natural resources in those sections no matter what they may be should also be preserved.

I was particularly relieved the other day by the statement of the Prime Minister to the effect that the air was going to be preserved for the people of Canada. All my life I have had a nightmare that some day a huge corporation would bottle the air in the atmosphere surrounding the earth and sell it to us at so much a bottle. I was afraid I would not be able to buy my bottle. Happily the radio bill has prevented such an occurrence. What is true of the air is just as true of the land and the minerals therein. They belong to the people of Canada just as much as does the air. With all the lessons history has provided, surely the time has come when a government with any vision should take steps to prevent the exploitation by individuals for

private profit of our natural resources. I have before me an extract from The Canadian News Bulletin issued by the Minister's department, which is as follows:

According to reports reaching Ottawa a great many mineral claims have already been staked in the area adjacent to Great Bear lake, Northwest Territories, and there is every likelihood that many more will be staked this summer. Some prospectors have already gone in by aeroplane and others are planning to go in by water transport as soon as the ice goes out. In view of this great activity the topographical survey, Department of the Interior, Ottawa, has reprinted the manual respecting the survey of mineral claims in dominion lands for the use of dominion land surveyors who may be called upon to make official surveys of these claims.

In other words the department is facilitating—and quite properly so while the old system lasts—the requirements of private speculators and prospectors.

My point is that if there are rich deposits of ore of any description in the Great Bear lake section of this country, that ore belongs to the people of Canada. It belongs not only to the people who are living now but to those who may be here two thousand years from now. Because of that fact this government should take immediate steps to prevent exploitation. If there are no mineral deposits in that section the government should take immediate steps to prevent speculation in respect of something which does not exist. We have had enough of that sort of speculation. In either case I hope the government will not only take the advice of the previous speaker to prevent development by private individuals, but that it will proceed to ascertain whether or not there are minerals, and take the appropriate action in relation thereto. A few pounds of radium would pay the national debt. Why should the government permit some individual to derive the entire benefit therefrom? Here is an opportunity to safeguard for Canadians that which is their proper right and heritage.

Mr. MOTHERWELL: I am sure the Superintendent General of Indian Affairs must feel he is getting plenty of advice and I hesitate to give any more. There were certain commendable actions taken by the former Superintendent General of Indian Affairs in conjunction with the Department of Agriculture, and I feel sure that after the minister's attention has been drawn to them he will continue the work then begun. I refer to keeping herds on Indian reserves free from bovine tuberculosis. There was a time some years ago when Indian reserves were polluted with bovine tuberculosis, and there was a consequent spread of the disease to Indian children. I hope my hon. friend will work in the same harmonious cooperation with the Minister of Agriculture to keep the herds clean from that dread disease. Another good work undertaken by his predecessor was the establishment of a chain of splendid hospitals throughout the various reserves. I should like to say one word in connection with the retiring Indian commissioner, Mr. W. M. Graham. I will go into that later in the day when we get on to the Indian question proper.

Mr. MURPHY: Mr. Chairman, hon. members have dealt at some length with the possibility of the government taking some action to control the development of radium deposits in the Northwest Territories. In that connection may I say that in 1930 a deposit of pitchblende was discovered by some private prospectors at Echo bay, a point situated on the eastern short of Great Bear lake. Some twenty tons of ore from that vein have been shipped to Ottawa, and during the past few months and even at the present time the Department of Mines are carrying on in their laboratory certain experiments with a view to the reduction of the ore in order to ascertain the quantity and quality of the radio active elements which may be present therein. The ore itself contains not only radio active elements but also a large percentage of silver. In discussing this matter it is well to remember that the vein of pitchblende was discovered through the initiative of private prospectors and to remember also that they have staked their claims and that under the laws of this country they have secured certain rights therein.

At present on account of the lack of transportation it is difficult to transport pitchblende or copper ore from that territory. May I point out however that there are facilities available at the present time which need only a certain amount of development to make them available throughout that season of the year when waterborne transportation may take place. From Waterways, Alberta, to Great Bear lake the system is navigable with the exception of two portages one along the boundary in the northern part of Alberta, where, at the present time, there is a motor road, and the other on the Great Bear river between the Mackenzie river and Great Bear lake, a distance of about ten or twelve miles. A certain sum has been placed in the estimates this year looking towards the building of a portage road around the rapids on that river. Therefore transportation from the area around Great Bear lake can be made available during

that period of the year when waterborne transportation is possible. In addition to that, ore of a certain richness can be transported by means of aeroplanes. I have been informed that the silver deposits in certain parts of the vein at least are of such richness that it is highly profitable to transport the ore even by aeroplane. My information is that a silver content as high as 22,000 ounces to the ton has been found in some of that ore.

Dealing now with the value of the pitchblende deposit in connection with radium, I may say that at present it is undetermined. It is only in its infancy, and we do not know yet the extent or value of that deposit. Experiments which are being carried on at present by the Mines department are designed to obtain that accurate information so far as possible, and the process which has been worked out by their chemists has been very successful so far. I am told that the process they have evolved is more economical than the process used in Belgium to reduce the ore which they obtain in the Congo. With regard to radium, I may say that its present selling price varies from about $50,000 to about $75,000 per gramme, and that in all about 60 grammes were sold last year. I have been unable to secure any definite figure as to the cost price of that radium, though it is currently reported to be from $10,000 to $15,000 per gramme. Our importations of radium have been as follows:

1928	$ 17,597
1929	40,687
1930	46,012
1931	207,735

Mr. SPENCER: May I ask where that was imported from?

Mr. MURPHY: I have not that information, although I may say generally that up to 1930 radium was produced in Belgium, in the United States and in Czechoslovakia. In 1930, however, the United States ceased the production of radium, since the Belgians were able to put it on the market at a much lower figure than was possible in the United States. Belgian radium sells for from $50,000 to $70,000 per gramme, while the best the United States could do was about $120,000 per gramme. So I take it that the radium imported since 1930 has come from Belgium. I stated a moment ago that radium was produced in practically only two countries, Czechoslovakia and Belgium, but at present no exports are being made from Czechoslovakia, where the company is under state control. Therefore at present the world is dependent upon the concern in Belgium known as the Union Miniere de Haut Katanga, and the supply of ore is obtained from the Congo which, before the discovery in the Great Bear lake district in the Northwest territories of Canada, was the richest in the world. Radium has been discovered not only in the Great Bear lake district; there are radioactive ores in Ontario also, at Wilberforce, which is in the county of Haliburton. A private company is making certain experiments in that area. While the mineral deposits in the Northwest Territories, of course, are under the control of the Dominion government, the mineral deposits in Ontario are under the control of the provincial government.

[Mr. Murphy.]

Previous speakers have stated that in their opinion the government should take steps to see that this valuable element, radium, is controlled if not operated for the benefit of the people of Canada. I suppose they meant also for the benefit of the rest of the world, though they had particularly in mind the people of Canada. But may I point out that at the present time this pitchblende deposit in the Northwest Territories is in private hands. Those areas have been staked under the laws of this country, and those men have obtained rights. While it is certainly within the competence of the Dominion government to take such steps as may be deemed wise to preserve for the people of Canada the benefits which may come from the use of radium, still those private individuals must have their rights looked after under our laws.

Mr. GARLAND (Bow River): I understand there is a suspension of the provision in connection with the development work that must be done each year on the claim. To what extent has that suspension been carried?

Mr. MURPHY: That applies to all minerals, both in the Yukon and in the Northwest Territories. Owing to the present low prices of metals the rules governing development or representation work have been suspended for a period of a year, but before obtaining his final lease or title to his claim an individual must do the amount of work provided for under our laws. He is simply given a moratorium of a year; in the final analysis he must do the amount of work required under the regulations.

Mr. IRVINE: Would it not be a good way to get rid of those who have already filed claims if the government refused to give them any further extensions of time?

Mr. MURPHY: I do not think that is practicable. The moratorium has been granted for a period of a year, during which it is not necessary for them to do representation work, though of course they may go ahead and do it.

Mr. IRVINE: But when that year is up, if they have not made sufficient improvements to qualify; then if another year goes by and still they have not done any development work, would it not be possible to take back the claims?

Mr. MURPHY: As I said a moment ago, the moratorium is only for a period of one year.

Mr. COOTE: When was that moratorium granted?

Mr. MURPHY: I have forgotten the dates. It was some months ago in the case of the Northwest Territories, and two or three months ago in the case of the Yukon.

Mr. COOTE: Was that done by order in council?

Mr. MURPHY: Yes, under the regulations.

Mr. SPENCER: At whose request.

Mr. MURPHY: The request came from different quarters, but principally from the prospectors themselves. I may say that the moratorium was granted for several reasons. One was that this region is very inaccessible and there are many difficulties in the way of transportation, as other speakers have already pointed out. Then again there was the low prices obtained for minerals such as silver and copper, which are the principal minerals found in those areas.

With regard to the government's control of radium, it goes without saying that in the first instance the mineral resources of the country belong to the state. That, of course, is self-evident; it is granted. But we have had on the statute books for a long time laws prescribing how these resources shall be disposed of, and until the present time the mineral resources of this country at least have been developed by private enterprise. Private prospectors have gone into these unknown quarters of Canada and have spent years, sometimes practically a lifetime, prospecting, and have met with many disappointments, and it is only a certain type of individual who will undertake that work.

Mr. SPENCER: What royalties are demanded?

Mr. MURPHY: I shall come to that in a moment. There are only two methods by which these resources can be brought into production: one is by the government actively going into the mining business or, on the other hand, by private enterprise; and until the present time they have been developed solely by private enterprise. These radium deposits are still in their infancy. The extent of the deposits is not yet known, nor to a certain extent has their richness been ascertained. Moreover, there are in Canada no refineries which are capable of carrying on the refining of that ore, at least commercially. The only place in which they can be refined at the present time is a small laboratory in the Mines department in Ottawa, and the process of reducing that ore has not yet been completed even here.

As regards the control which the government exercises at present, the payments which are made to the government in the way of royalty are provided for by certain regulations, which set out what the state shall receive from the private owners, those who are actually developing these mines. Possibly I cannot do better than read the clause which deals with this point. It is to be found in section 93 of the quartz mining regulations:

> There shall be paid to the crown on every mine acquired under the provisions of these regulations, or under the provisions of the quartz mining regulations which preceded these regulations, an annual royalty on any profits of such mines which exceed the sum of $10,000 during any calendar year, and the owner, manager, holder, tenant, lessee, occupier or operator of the mine shall be liable for and shall pay to the crown an annual royalty as follows:
>
> (a) upon annual profits in excess of $10,000 and up to $1,000,000, three per cent;
>
> (b) on the excess above $1,000,000 up to $5,000,000, five per cent;
>
> (c) on the excess above $5,000,000 up to $10,000,000, six per cent;
>
> (d) on the excess above $10,000,000, a proportional increase of one per cent for each additional $5,000,000.

In addition to that, subsection 4 of that section reads:

> The annual profits shall be ascertained and fixed in the following manner. The gross receipts from the year's output of the mine or, in case the ore, mineral, or mineral-bearing substance, or any part thereof, is not sold but is treated by or for the owner, tenant, holder, lessee, occupier or operator of the mine, upon the premises or elsewhere, then the actual market value of the output at the pit's mouth or, if there is no means of ascertaining the market value, or if there is no established market price or value, the value of the same as appraised by the mining recorder shall be ascertained, and from the amount so ascertained, the following and no other expenses, payments, allowances or deductions, shall be deducted and made.

I will not read the manner in which the deductions are to be made, as that is not relevant to the argument, but the important point of that clause is this:

> The actual market value of the output at the pit's mouth or, if there is no means of ascertaining the market value, or if there is no established market price or value, the value of the same as appraised by the mining recorder shall be ascertained.

That puts it in the power of the minister of the day to set a market value, and the price of that particular mineral at the pit's mouth. In addition to that, the following clause was added to the present regulation in force this year, being section 130:

> The governor in council reserves the right to make such additional regulations from time to time as may appear to be necessary or expedient in the public interest, governing the development and operation of any mineral claim or mine acquired under these regulations, in which, in the opinion of the minister, ores containing radioactive elements occur in sufficient quantity for extraction; also regulations governing the production and conservation of such ores and the elimination of waste.

Those are the regulations at present in force, dealing with government control so far as mineral operations are concerned.

Mr. STEWART (Edmonton): When was that regulation passed? What is the date of the order?

Mr. MURPHY: They became effective on April 2, 1932. I do not think I need extend my remarks at greater length at the present time, except to say this. The government have not been unmindful of the value of radium to the people of this and other countries. We have been told by the medical profession that radium is very valuable in the treatment of cancer. We know also that the present supply of world radium is controlled by a monopolistic company, and we have also been informed that the price of radium is altogether too high in view of the cost of producing the mineral, although as I said earlier in my remarks, we have no accurate figures as to the actual cost of production. The Belgian company, however, claim that they have materially reduced the price of radium, from $120,000 per gramme to $70,000 and, in larger quantities, $50,000 per gramme.

How may the government exercise control over these deposits? The deposit which is now known to be in existence, although as to its extent or richness we have no definite data, is in private hands. There exists in Canada no commercial plant for the reduction of the ore. The right to that deposit has been acquired by prospectors who have spent a long time in the north, men who went in there and have pitted their strength against the elements, have suffered hardships and, under the laws of Canada, have acquired certain rights. These rights must be respected.

Mr. CAMPBELL: If the department had enforced the regulations the rights would have been extinguished; it is only by the moratorium that they have any rights at all.

Mr. MURPHY: I must take exception to the statement of the hon. member; it is not quite correct. Simply because the regulations have been changed to allow a year's moratorium, it does not necessarily follow that these men would not have gone ahead and done their representation work. They might have done so and it is hardly correct to say that this work would not have been done if the moratorium had not been granted.

Mr. STEWART (Edmonton): They are operating now.

Mr. MURPHY: I am not in position to say that they are not even now carrying on that representation work. They are actually mining to-day and I would be very much surprised if they are not doing much more than the $100 per year of representation work required by the regulations.

Mr. CAMPBELL: Why the necessity for the moratorium?

Mr. MURPHY: The moratorium was not put on solely at the request of the discoverers of the pitchblende deposits, in fact I do not think they made any representations. The representations were made by those who hold claims of zinc, lead, copper and silver deposits rather than by those who are engaged in mining this radium ore.

As I say, this matter could be controlled by means of royalties so that the state would obtain what is considered to be a fair share for the state, that is, for all the people. Legislation could be passed by this parliament whereby in the case of radium a royalty in kind could be made available for the people of Canada. No legislation exists at the present time to permit this action being taken, and I merely mention the different methods by which control could be exercised. The government is fully aware of the value claimed for radium in the treatment of disease, but as to just what method will be adopted in order to secure for Canada the benefit which is justly her due, I am not in position to say. This

matter is actively engaging the attention of the government and we are prepared to take such necessary steps as will make radium available to the sufferers in Canada at the lowest possible price.

Mr. IRVINE: Mr. Chairman, the statement of the minister as to how these people became possessors of resources which were properly held by the crown is the ordinary orthodox statement. Surely the minister will agree that if no definite action is taken now, pretty soon all these resources will be taken up by individuals in precisely the same way as these people to whom he has referred have obtained their rights; and before very long there will not be any natural resources left in the name of the crown. Of course this is not to be laid at the door of the minister, but the responsibility is upon him to take a new step away from that course which in the past has not been for the benefit of the people of Canada. I think the recent statement of the Prime Minister is the most important that has ever come from the treasury benches, and his remarks apply just as much to the resources now under discussion as they do to air and other resources. Unless the minister definitely says that the time has come for us to stop the exploitation of these resources for private profit, it may go on forever. The government should declare that all the resources in the area under discussion shall be regarded as being for the general advantage of Canada. Some of the unemployed should to put to work immediately to examine the whole field and estimate its value. If it should be found that there is value, either in radium or other minerals, then the government should finance the development by creating sufficient money to do so, thus absorbing a great proportion of our unemployed and at the same time garnering the wealth which might be applied to the paying of our national debt. The government's course is clear, and I should like to ask the minister if he will not go so far as to assure the committee that the government will not extend the time limit to those prospectors and others who have obtained leases or rights in respect of mineral resources in the Great Bear lake district. Will the minister give the undertaking that no further extension of time will be given to those who have filed claims?

Mr. MURPHY: I am not in position to give a categorical answer to the question asked by the hon. member, because the action of the government would be predicated to a great extent upon conditions. The hon. member has asked me to state that no further extension of time will be granted to those who are now in possession of mineral claims, but I am not in a position to give that assurance. However, I am willing to give this matter every consideration. I assure the committee that I have no desire to act in a manner other than that which will be for the benefit of all the people of Canada. The prospector who may have spent many years of his life, perhaps all of his life in discovering and prospecting these areas should not be cut off from the fruits of his labours because of any drastic action on the part of the government.

Mr. WOODSWORTH: It seems to me most regrettable that the minister should take the attitude he has just taken. Apparently in his eyes the prospector fills the whole horizon, and it makes very little difference—

Mr. MURPHY: I did not make any such statement as that.

Mr. WOODSWORTH: I did not suggest the minister had made the statement; I said it was apparent to the rest of us that in the eyes of the minister the claims of the prospector were of paramount importance. The minister began by pointing out that the mines had been discovered by private prospectors and were now in private hands, and these facts were set up as serious objections to our taking any action. I think we all recognize that the prospector has certain claims, and every one of us would be glad to see that his rights are safeguarded. But in practically all mining areas it is not the prospector who makes the fortunes out of the mines; almost invariably it is the promotor. Generally the prospector has not the capital with which to develop the mine; he has to sell out, sometimes for a mere pittance, to the promoter who goes in and reaps the profits. It is not going to be different in a case of this kind. We are all willing to grant sufficient to remunerate the prospector, but it becomes evident that there are other claims than his. Let me give one illustration. Some hon. members may remember a few years ago the claims made by certain individuals who in the early days, had gone into Churchill, put up with all sorts of hardship, and laid claim to lands that later on were to become the site of the present harbour and town of Churchill. It seemed then that there were certain claims that ought not lightly to be set aside; yet it was recognized that larger claims had precedence. Because certain people had taken up homesteads there in the early days, that did

not mean they were forever to levy toll on the rest of the Dominion of Canada through the development of a railway and port in the north.

The minister states that certain transportation facilities are available, and yet elsewhere he rather suggests that a moratorium has been granted because there are not sufficient transportation facilities to enable the development to proceed. This is, after all, a minor matter. The lack of transportation facilities, the fact that the value is, as the minister has said, undetermined; the further fact that at present there is no commercial plant for reduction—all these considerations make the present a particularly opportune time to take possession of those areas and deposits. If we wait for one or two or three years, as is so frequently the case, it might very well be urged that vested interests are at stake. By that time the promoters would be in control and would have behind them large amounts of capital. But now we are getting in on the ground floor, as apparently the only man who has claims at the moment is the prospector, who could very easily be satisfied.

Mr. NICHOLSON: What about those who have furnished all the money necessary to enable the prospectors to go in there and do the work they have been doing for the last ten years?

Mr. WOODSWORTH: If we expropriate the mining claims, the simplest method would be to make a refund. That is what we do in expropriation cases of various kinds. Take, for example, the man who has settled and built a little home; a railway is going to run right through his place and his land is expropriated. The owner may or may not be refunded all he has invested; it is considered a minor matter whether he is compensated to that extent or not. The railway, it is decided, must go through, and the court determines what under the circumstances the man should receive. It would be comparatively easy to indemnify those who have furnished the money to grubstake prospectors.

The minister further says that so far the development of mining areas has been by private enterprise. We all admit that, but our contention is that we have reached the stage when that policy ought to be abandoned. That is especially true in this particular case where the physical welfare of so many people is at stake. There seems to be no reason why in the future we should continue the haphazard policy of private development that in the past has undoubtedly meant the exploitation of our great natural resources in order that a few might grow wealthy at the expense of the great majority of the people in the community.

The minister says that he is willing to give a fair share to the state. Our contention is that the state owns all; not that a few royalties should be paid to the state, but rather that the state should be considered, in the words of the Prime Minister the other day, as the trustee for development in the interests of all the people. That is a new point of view, and it is one that we in this corner should like to put forward now. It is quite true that in the development we must reward the prospectors, those who have gone in and done the pioneer work, but we have reached the stage where it should be recognized that not a small royalty but the whole resources should belong to the state. The crumbs should be thrown to private individuals not to the state.

One point that strikes me as being of the greatest importance in this matter is the claim made by our scientists that radium is essential for the treatment of cancer. None of us is an expert in that phase of the question; we have to take what the medical men tell us. But if their statements are at all correct, it means that the welfare, the safety, the health of hundreds of thousands of people are at stake. If that be true, I can hardly understand the attitude of the minister in dilly-dallying with an important question of this kind and refusing to state a forthright policy in dealing with it. It would seem to me to be the right thing to settle this matter as one of principle. If it is discovered within the next few months, or even if it is at the present time held by scientists, that radium is essential in the treatment of cancer, the government should immediately set aside those areas in which it is produced as belonging to all the people and proceed to work them in order that radium may be made available for those who need it.

Mr. STITT (Nelson): I thought the hon. member for Winnipeg North Centre (Mr. Woodsworth), having been up through the north would have a greater knowledge of the usefulness of a prospector than he appears to have according to the statement he has made on the floor of the house. Were it not for the prospector, there would not today be a mining company operating in Canada.

Mr. WOODSWORTH: Granted.

Mr. STITT (Nelson): The prospector must come first. It is not fair to compare a prospector with a man who owns either a home or land which may be expropriated by a railway company. The home or land owner has an investment only in that home or land, while the average prospector has invested many years of his life. He goes out into the woods and fields and endures all kinds of hardship, half the time eating salt pork and bacon. I know whereof I speak, because I have done it myself. He goes far afield and he makes these strikes. Then, of course, the mining company comes in and acquires the claims. The statement that the mines are exploited for the benefit of a few is not correct, because thousands of people own shares in mining stocks and are in receipt of big dividends from them. It is true that the biggest stock owner receives the largest dividend.

In the case of this Great Bear lake strike. I happen to know Gilbert La Bine, who made it; how he travelled the 2,000 miles into the Arctic, pulling behind him a toboggan with his tent and grub, later leading by hand his partner who was also a prospector and who was snow blind. When he arrived at La Bine point, he found that he could not take his partner any further and he had to make camp. After he had fixed his partner up in the camp and got food for him, he looked around him and made this discovery. The La Bine brothers have been prospecting for twenty years. They have made their strike after a lifetime of toil.

Mr. IRVINE: Why not, as a reward, make this prospector the next governor general of Canada?

Mr. STITT (Nelson): If we have anything against him, we may do that. It is very unfair to say to that man: we are going to take away from you what you have been all your life looking for. A number of people are behind this grubstaking of La Bine; there are hundreds of people interested in it. It is known as the Eldorado Gold Mining Company, with about $2,000,000 worth of shares held all over Canada.

Mr. WOODSWORTH: How much money has so far been invested in the development at Great Bear lake?

Mr. STITT (Nelson): I imagine about $30,000 or $40,000 on prospecting, exclusive of development work now going on. I am interested in that country myself, and to send one prospector in there costs on an average $1,500. It costs from seven to eight dollars a day to feed your prospector, over and above what you pay him for his work. It would be most unfair at this time, before the area has been proved, to talk of expropriating it. The government can always protect themselves. If they want that radium, they can forbid its export just as they forbid the export of gold; but to talk about taking it away from the prospector, well, you had better not come up to my constituency and talk that kind of thing.

Mr. COOTE: It is quite evident from the remarks of the last speaker that prospecting for our mineral resources has been carried on in a very haphazard way indeed. It is time these activities were carried on much more thoroughly and systematically than they have been in the past. Many geologists and mineral and petroleum engineers are at present without employment. The government has lately paid off from the air force nearly forty married men, some of the most competent fliers that we have in Canada, with a splendid record of war service. Some of them have flown across the great mineral areas of the Northwest Territories. Let us employ these men to take aeroplanes into that area, carrying geologists who will prospect the country in a thorough manner. I sympathize with the prospector and would want to see him well taken care of. At the present time the prospectors as well as the investing public are taken care of by the promoter. There has been too much money put into the development of our petroleum and mineral resources for the amount of production that has taken place. I say that the time has come when we should tackle this problem in a business-like way. We have aeroplanes and fliers, and let us send these geologists up there well equipped to prospect our mineral wealth in that area. Let us start in Canada a real national policy for the development of our mineral resources. Now is the time to do it; for as the hon. member for Wetaskiwin has said, the longer we wait the less mineral resources we will have to take care of. What is the use of reserving all these mineral resources to the crown and then leasing them out to promoters to be used as a basis for stock promotions which are loaded on an unsuspecting public at prices which can never return dividends? In a few cases, of course, handsome dividends may be paid, but I contend that they should be returned to the state.

Mr. IRVINE: One more remark. It is a rather strange argument that because one or two prospectors have happened to wander into this north country and have thereby obtained certain so-called legal rights, the government

should not conserve both the present and future interests of the Canadian people. I never heard such an argument as that. Certainly I have no intention of suggesting for a moment that any prospector should be deprived of wages or reward for his services. I suggested in a question to my hon. friend who brought this matter up that I would be willing to make the man governor general of Canada who had encountered such hardships as he described and had rendered such service.

Mr. LAPOINTE: Give him a title.

Mr. IRVINE: We have no titles now, but if a title could be given him, I would suggest that he be given two. It is a man of achievement that we want to put into a position of that sort; there is nothing too good for such a man so far as I am concerned. But I refuse to let him stand in the way of a policy which will be in the interests of Canada for all time; for that is what he is doing according to the argument that has been made here this afternoon. It is a strange argument, and I submit that it should not be considered for a moment. Reward any man who has done service, glorify him, if you like, but safeguard our natural resources for posterity.

Mr. NICHOLSON: I would like to say a word with regard to the general question. It is evident that some members who have spoken on this question have very little conception of what the development of a mine really means. Personally I know nothing whatever about the discovery of radium in the Great Bear lake area, but I wonder if my hon. friends have any idea how much money has often to be spent before the man who is developing a prospect can say whether it is really a mine or not, and I wonder how much money this country would have to spend before we could know that there really was a deposit of great value in the Great Bear lake area? Let me give an illustration. In the district in which I happen to live, after prospectors, thousands of them, had gone over the ground carrying their packs and suffering the hardships that have been mentioned, an area was discovered that gave promise of mineralization. In the instance of which I have knowledge five and one-half million dollars in cash have been spent for diamond drilling. The people who have spent that money do not know to-day whether they have a mine or not, but they are continuing to diamond drill. In one area in northern Ontario, through the determination of a mining engineer and a geologist, backed up by a number of men who are interested in this prospect, they have drilled down to 4,700 feet, and they do not know yet whether they have a mine or not. Would the government, if someone suggested that we spend five or six million dollars on a prospect in order to prove whether there was anything in it, spend that amount of money on a gamble? And where would the country land in a very short time if the government started doing that sort of thing all over the country?

Mr. IRVINE: We spent more than that amount above the estimated cost for the Montreal bridge.

Mr. NICHOLSON: If my hon. friend would go through northern Ontario and see what the men are doing and the money they are risking in order to develop one single mine, he would have a better appreciation of the situation. The greatest chances in the world are being taken by men who are willing to spend their money in ascertaining whether they have a mine or not. One of the greatest mines in northern Ontario was brought into production by a group of men who lived in northern Ontario, had come up there from the east, acquired some means, had been prospecting elsewhere, had got one property and sold it, and then went on. After they had spent a million dollars of their own money and of the money of the people that they could get around them, they did not know whether they had a mine or not. Then what happened? Every one of these men pledged everything he had and might have in the future to a bank in order to get a loan to go on with the work. Is this country prepared to put up money on such a prospect as that?

Mr. IRVINE: It cost a lot of money for Columbus to discover America. Would my hon. friend suggest that Columbus should therefore have incorporated a company and taken possession of the North American continent for all time?

Mr. NICHOLSON: My hon. friend is very clever, but the question is simply this: shall the country take such risks or not? If the country decides to take such risks and sends men out prospecting to develop mines, I have a picture in my mind's eye of the number of mines they will discover.

Mr. MacINNIS: I do not think it is a question of the country taking risks. The country is taking all the risk there is to-day in providing for unemployment. We have left the development of our natural resources in the past in the hands of private interests who have developed and exploited them for private gain, and as soon as they were exploited to the limit and nothing more was

to be got out of them, the people who were working on these natural resources were thrown out of work to swell the ranks of the unemployed. If the government does not wish to take this step now and safeguard what little natural resources we have left, it will be compelled to do it in the very near future. This is one of the most important questions that has been brought before the house this session. The hon. member for East Algoma asks, should the government risk five or six million dollars on a prospect? Why, the first thing the government did after the election of 1930 was to summon parliament and appropriate twenty million dollars for the relief of unemployment. We are receiving no benefit from our contributions to that end, because we are giving doles and the men are doing nothing. Would it not be better to put them out as prospectors? Many of them would be glad to do this work rather than leave it in the hands of private interests who, very often, are aliens.

Mr. CAMPBELL: There is one aspect of this matter which has not been dealt with by most hon. members who have spoken. I refer to the question of what is to be done with resources still unalienated. The discussion has evolved into an argument as to whether or not we should expropriate the claims already staked. The minister left an impression on the minds of hon. members—probably not intentionally—that all the area had already been taken up. We have every reason to believe that large numbers of prospectors are still going in, and no doubt many more claims will be staked. Separate and apart from the other arguments there is the question as to what is to be done with the remaining unalienated resources.

There is another matter I should like to discuss, one apart from that of government development. As a matter of fact I did not suggest that, but I did suggest that the government should take some steps, either by developing the resources themselves or controlling development by private interests, to see that the interests of the people of Canada are protected. I can see that government members can put up a very good argument as to why they should not carry on such developments. I suggest, however, that action should be taken somewhat similar to that taken with respect to gold. At a critical period last fall the government placed an embargo on gold, which cannot now be exported from Canada except by licence; therefore most of it is sold and handled by the federal government. That is one way in which these resources could be controlled, even after private interests had been allowed to carry out their programs.

There are other ways in which this matter could be dealt with. I was shocked and surprised to find that hon. members on the government benches have not shown the vision, the foresight or advanced thought evidenced a few days ago by their own leader. When the Prime Minister made his statement concerning radio it was far in advance of anything I have ever heard from the government benches. He showed a vision with respect to the protection of our natural resources which few, if any, of his followers have shown. I should like to commend that attitude to hon. members opposite. They could do no better in that respect than to follow the example of their leader.

Mr. LAPOINTE: There are five minutes left, and I think I have sufficient time to present some points which have arisen in my mind. I refer to the proceeds from sales of Indian lands, after they have been surrendered.

Mr. MURPHY: Mr. Chairman, I do not wish to appear discourteous, but may I remind the hon. member that we are discussing an item under civil government?

Mr. LAPOINTE: No, my hon. friend is wrong.

Mr. MURPHY: The discussion to which my hon. friend is directing his remarks would properly come under the Department of Indian Affairs.

Mr. LAPOINTE: The minister is wrong; this discussion is under the Department of Indian Affairs.

Mr. MURPHY: Then the discussion is all out of order, Mr. Chairman.

The CHAIRMAN: Yes, the discussion was all out of order.

Mr. RHODES: There was a distinct understanding that one item would be held, and that all discussion could take place upon it.

Some hon. MEMBERS: Hear, hear.

Mr. LAPOINTE: We are discussing an item which deals generally with Indian affairs.

Mr. MURPHY: I am sorry that I was out of the house when the item was called.

Mr. LAPOINTE: I shall have finished before six o'clock.

Mr. MURPHY: Very well; proceed.

Mr. LAPOINTE: The other day the minister admitted the money from the sale of Indian lands belongs to the provinces. He says, however, that he does not wish to pay it back to the provinces because he is trying to come to some agreement whereby the money will be kept in trust for the Indians. The Prime Minister has said—and that is the reason I speak to-day—the trouble is that the privy council did not say that the money should or should not be held as a trust fund for the Indians. My right hon. friend is altogether wrong about that. It has been held that the Indian lands are the property of the provinces, and when they are surrendered in any way the provinces become the sole owners. The Indians have an interest until the land has been surrendered. This has been decided in two well known cases, the first an Ontario case concerning the St. Catharine's Milling Company, which is reported at 14 appeal cases, page 46. In connection with that case the privy council stated as follows:

The crown has all along had a present proprietary estate in the land, upon which the Indian title was a mere burden. The ceded territory was, at the time of the union, land vested in the crown, subject to "an interest other than that of the province in the same" within the meaning of section 109,—

That refers to section 109 of the British North America Act.

—and must now belong to Ontario in terms of that clause, unless its rights have been taken away by some provision of the act of 1867 other than those already noticed.

It appears to them to be sufficient for the purposes of this case that there has been all along vested in the crown a substantial and paramount estate, underlying the Indian title, which became a plenum dominium whenever that title was surrendered or otherwise extinguished.

Then in the year 1920, there was a case between the province of Quebec and the Dominion of Canada which is reported in the Law Reports, Appeal Cases, Volume 1, 1921. At page 411 I find the following:

The Dominion government had, of course, full authority to accept the surrender on behalf of the crown from the Indians, but to quote once more the judgment of the Board in the St. Catherine's Milling Company's case, it had "neither authority nor power to take away from Quebec the interest which had been assigned to that province by the Imperial Statute of 1867." The effect of the surrender would have been otherwise if the view, which no doubt was the view upon which the Dominion government acted, had prevailed—

Which seems to be the view which the right hon. gentleman takes at this time—

—namely, that the beneficial title in the lands was by the act of 1850 vested in the Commissioner of Indian Lands as trustee for the Indians, with authority, subject to the superintendence of the crown, to convert the Indian interest into money for the benefit of the Indians. As already indicated, in their Lordships' opinion that is a view of the act of 1850 which cannot be sustained.

There is no doubt that as soon as those lands were surrendered and sold the money belonged to the province of Quebec. Three hundred thousand dollars of that money is held by this government. The province is asking for it; the province has a right to get it, and I do not see upon what basis my hon. friend can refuse to hand it over. Why should we have further litigation to get that money?

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: Shall the item carry?

Item agreed to.

Progress reported.

INSURANCE BILLS—CONSIDERED IN COMMITTEE

The house resumed, from May 6, consideration in committee of Bills Nos. 67 and 68—Mr. Rhodes—Mr. LaVergne in the chair.

FOREIGN INSURANCE COMPANIES

The CHAIRMAN: The committee is considering Bill No. 67, and the first section is No. 25.

On section 25—Valuation of securities.

Mr. RHODES: I am ready to proceed with this section, but I understand the hon. member for Wetaskiwin has something to say with regard to it. Perhaps we could proceed with the other sections of the bill and return to this section when the hon. member arrives.

Section stands.

Sections 26 to 31 inclusive agreed to.

On section 32—Appraisement of real estate.

Mr. RHODES: There are two amendments to be proposed to this section.

Mr. RYCKMAN: I move that this section be amended by striking out the words "in Canada" in the first line and inserting the said words after the words "by it" in the fourth line of subsection 1.

Mr. SPENCER: How will that work out?

Mr. RHODES: This means that the real estate to be valued will be the real estate in Canada. We do not propose to go outside of Canada in connection with the valuation of the real estate of a foreign company.

There is a further amendment to subsection 2 of this section.

Mr. RYCKMAN: I move that subsection 2 of section 32 be amended by inserting the words "in Canada" after the words "of real estate" in the third line.

Mr. RHODES: The same explanation obtains.

Amendments agreed to.

Section as amended agreed to.

Sections 33 and 34 agreed to.

On section 35—Release of assets in Canada.

Mr. RHODES: There is an amendment to be proposed to subsection 3 of this section. It is simply an amendment for the purpose of making clear the intent of the section.

Mr. RYCKMAN: I move that subsection 3 of section 35 be amended by striking out the words "with the concurrence of the treasury board" in the second line thereof and the word "shall" in the fifth line thereof, and inserting in lieu thereof the words "may" in the fifth line thereof, followed by the words "with the concurrence of the treasury board."

Mr. RHODES: There is also an amendment to be moved to subsection 6 of this section.

Mr. RYCKMAN: I move that subsection 6 of section 35 be amended by striking out the words "securities" in the second line thereof and substituting therefor the words "assets in Canada."

Mr. RHODES: The object of this amendment will be obvious; it is for the purpose of making it clear that the valuation is to consist of all the assets in Canada, not of the securities alone.

Mr. SPENCER: Are these the same bills that have been gone over so carefully by the other chamber, and which there was no need to send to the banking and commerce committee? We have had about eight or nine amendments now and the bill is so long that it is probable, before we get through with it, that there will be as many more. Is the Minister of Finance still of the opinion that it was unnecessary to have these bills carefully gone over by the committee?

Mr. RHODES: Yes; and the mere fact that we have so many amendments, many of which are moved for the purpose of clarity, of making the intent of the bill obvious beyond question, would indicate the very extreme care with which the bill has been considered.

Amendments agreed to.

Section as amended agreed to.

Sections 36 and 37 agreed to.

On section 38—Maintenance of separate funds.

Mr. RHODES: I have a verbal amendment to move to this section. It is to improve the language and make the intent clearer. My colleague will move it.

Mr. RYCKMAN: I move:

That subsection 1 of section 38 be amended by striking out the words "registered under the provisions of this act to transact the business of life insurance" in the first and second lines of the subsection.

Amendment agreed to.

Section as amended agreed to.

Sections 39 to 51 inclusive agreed to.

On section 52—Classes of hazards covered by certificate.

Mr. RHODES: I have an amendment which reads:

That subsection 1 of section 52 be amended by inserting the words "subject to the provisions of subsection 2 of section 8 of this act" before the words "any company" at the beginning of this section.

The object of the amendment is to make it clear that this section is not to override section 8, but to be read in conjunction with it.

Mr. RYCKMAN: I move the amendment.

Amendment agreed to.

Section as amended agreed to.

Sections 53 to 65 inclusive agreed to.

On section 66—Declaration of intent.

Mr. SPENCER: Putting through a bill in this way is a mere farce. We are not even reading the notes on the side.

The CHAIRMAN: I have read the note.

Section agreed to.

Section 67 agreed to.

Schedules agreed to.

On section 25—Valuation of securities.

Mr. RHODES: Section 25 was allowed to stand to suit the convenience of the hon. member for Wetaskiwin, but a similar provision is contained in the next bill we are to consider, except that it provides for the addition of a fifteen per cent limitation upon the holding of common stocks. The hon. member may proceed under this section to discuss the matters he desires to discuss, or it may suit his purpose to wait until we are considering the next bill.

Mr. IRVINE: What I desire to say can be taken up under the next bill.

Section agreed to.

Bill reported.

CANADIAN AND BRITISH INSURANCE COMPANIES

Section 1 agreed to.

On section 2—Definitions.

Mr. RYCKMAN: I move that paragraph (b) of subsection 1 of section 2 be amended by striking out the words "outside of Canada" in the second line thereof and substituting therefor the words "in the United Kingdom, Great Britain and northern Ireland or in any British dominion or possession other than Canada or a province of Canada."

Amendment agreed to.

Mr. RYCKMAN: I move that paragraph (k) of subsection 1 of section 2 be amended by striking out the words "issued under the provisions of this act" in the last two lines thereof.

Amendment agreed to.

Section as amended agreed to.

Sections 3 to 7 inclusive agreed to.

On section 8—By-laws.

Mr. IRVINE: Mr. Chairman, perhaps the committee will permit me to make a few remarks before this section carries. My remarks will not refer particularly to this section, although some of the things I desire to take up might come within its provisions. It may be contended that what I am about to say might have been more fittingly said on the second reading of the bill, but at that time we in this corner of the house were reasonably certain that the bill would go to a select standing committee. Observing that the bill covered a very large field and was practically a substitution for all insurance legislation, we decided to allow it to go through second reading in the hope that before a select committee we would be able to obtain a better understanding of its details. However, for reasons which were no doubt satisfactory from the minister's point of view, the bill did not go to a committee, and it now becomes necessary, after making some attempt to know what the bill is about, to ask that certain clauses be explained and to ascertain why certain provisions of the revised statutes of 1927 were not included in the present bill, and to criticize some of the new sections which did not appear in the old legislation.

I hope the committee will be lenient in allowing me to transgress beyond the boundaries of the present section, it will save time; otherwise I should have to refer to many different sections as they come before the committee. As I say, this bill covers the whole field of legislation in connection with Canadian insurance companies and British insurance companies doing business in Canada. This legislation is made necessary because of the findings of the supreme court, in respect to provincial jurisdiction and I suppose that is why it must be passed at this session. Otherwise it might have come before a select standing committee where we would have had more time to deal with its provisions.

I am in agreement with the main object of the bill, which seems to be to secure, or at least to retain, some control over insurance in Canada by some central body such as the Dominion government or the Department of Insurance. The bill, being as I say, a substitute for the legislation contained in the revised statutes of 1927, and covering a tremendous field, should have been studied by hon. members much more carefully than we will have an opportunity of doing. It is very bad practice to take such important legislation from the Senate without our having an opportunity of considering it in committee. However, I assume there are good reasons why this cannot be done. I suppose the Senate should be congratulated on a very fine piece of legislation, but we do not like to take all that the Senate says for granted, and we should have an opportunity to go into details, although it may be too late to talk about that now.

I shall now come to the specific points in the bill on which I should like to have an explanation, and I shall suggest some alterations in certain sections. I think I should refer first to the fact that certain sections in the old act which we believed were good legislation have been left out of this bill. I contend that such sections as I will refer to in a few minutes should be included among the company clauses. If hon. members will

look at section 56 of the old act they will find that it prohibits any insurance company or its directors, directly or indirectly, from promoting or organizing other companies. It has been charged and, I believe with good reason, that certain insurance companies in Canada have done that sort of thing even in spite of the fact that that section was in the old act. As that is not the business of an insurance company, we would like to know why this section of the 1927 statute was not included in the new legislation. There may be some good reason for this which has not been made apparent. The committee is entitled to know why this omission was made.

Section 57 of the old act does not appear in the new bill. That section rigidly restricted underwriting on the part of insurance companies. With that section removed, so far as I am aware, the insurance companies could become underwriting companies. There may be in this bill a clause which has escaped my notice prohibiting that in another way, but if there is not, I should like the minister to explain why the provisions in the old act in this connection do not appear in the present legislation. The business of insurance is not the underwriting of any enterprise or company; it is to carry on insurance, and this legislation should rigidly restrict such companies to the business of insurance. If there is in the act no provision which prevents an insurance company from entering these other lines of business, it is just possible some of them will do so.

Section 82 of the old act which again, I believe, was a very good provision, does not appear in the present bill, and so far as I am able to find out, there is no substitute for it covering the same point. Section 82 forbids any insurance company or any official of it to offer any estimate of the amount of its shares or dividends. This, of course, might be used by agents and others for the purpose of inducing individuals to become insured in individual companies. Prior to this legislation being included in the old act, I understand, considerable abuse was practised by companies in that very particular. But since the enactment of section 82 I believe that grievance has been fairly well cleared up. Again I should like the minister to state why that section does not appear in the new measure, or whether there is in the bill any substitute covering that particular point.

Subsection 4 of section 63, which, of course, was in the Insurance Act of 1927, probably would be better deleted. Certain insurance companies have, I understand, reorganized other companies, written up the value of stocks, poured in water and appropriated to themselves the major portion of the capital; and still the stock of such companies is regarded as the same in value after reorganization as it was before. I believe steps should be taken to legislate to prohibit an insurance company from doing that sort of thing.

I come now to the sections of this bill which are new in insurance legislation in Canada. The first clause of importance is that which provides for a limitation of investments in common stocks to fifteen per cent. I know that the section in question is not yet before the committee, but I thought if I indicated now our difficulty in respect thereto, perhaps the minister, when he comes to it, will give the explanation. I shall be as brief as possible. We are at a loss to understand why the limitation should be fifteen per cent. If we have to have any percentage, it should be one per cent. So far as I am able to gather, all the insurance companies of Canada, with the exception of the Sun Life, taking them all together, have so far invested in common stocks only a little over one per cent of their book assets, although if they had wanted to do so they might have invested to a much greater degree because there was no legislation prohibiting them. Sometimes it is wise for us to criticize insurance companies, but in this instance I think we ought to give credit to the insurance companies of Canada which have stayed so well within the limits of their trust and have invested their money in the way in which a good insurance company should do. It does not appear to us in this section of the house that insurance companies should be permitted to invest in common stocks the funds of their policyholders, but if there has to be any percentage at all, we want it reduced or some reason given for the fifteen per cent permitted.

When we come to section 7 we find an exception which apparently must have been made in particular for the Sun Life Assurance Company. That is to say, it provides that subsection 6 shall not apply to such company having an excess of fifteen per cent in common stocks when this act comes into force. Meanwhile, of course, such company must not invest any more in common stocks, and if and when it has reduced its investment in common stocks to fifteen per cent, it will come within this provision of the law. I understand the Sun Life has some 47 or 50 per cent of the value of its book assets invested in common stocks, and this clause, while it does not so state, has been inserted expressly to safeguard that company. I do not object to that. The trouble has already been done; the govern-

ment cannot do otherwise than deal with the situation as they find it, and perhaps if government in the past had listened a little more to the protests that came from this section of the house, such a provision as this would not have been necessary, because those of us who had paid any attention to the insurance business in Canada knew what was taking place in this regard and warned the house about it. But the point is that no provision is made for any specified time within which this or any company having an excess of fifteen per cent of its book assets invested in common stock, can now come within the provision of the legislation. It may be very difficult to arrange such a time, but some limitation should be imposed, so that any company coming within the provisions of this section would understand that the people of Canada, while they have been very kind in giving them an opportunity to correct their insurance practice, feel that the sooner the correction is made the better. There ought to be some provision in the section for that purpose, but I cannot see any in the bill as it stands.

Subsection 8 provides that shares of common stock which may come as bonuses or dividends to companies from investments already made should not be regarded as an investment in common stock within the meaning of this act. It may be advisable to retain that section on the ground that insurance companies now have investments in common stocks of other companies, and such companies, while they may be in very good condition, might find it necessary to refinance and might grant certain privileges to the insurance companies holding their stock. But at the same time there might be considerable abuse, and it appears to me that at least some consideration should be given to the section and safeguards taken against possible abuses.

There is another section to which I wish to refer, namely, subsection 2 of section 71, which provides that in a period of depression any insurance company which finds that its stocks have gone down with all other stocks may, in order to appear solvent in its books, write up its assets within certain limitations. Again I do not object; that may be necessary at certain times, but I do say that the same privilege should be given to everybody else. If the farmer, for instance, could write up the value of the butter and the eggs and the wheat that he has to sell he would be solvent, but there is no such provision made for him. This really appears to be class legislation. Very careful consideration should be given to this section of the bill.

I trust that the minister will explain why the sections of the old act which I have mentioned are not included in the bill, and will endeavour to answer the questions I have raised with respect to the particular sections I have mentioned.

In conclusion, I should like to say that in my opinion the insurance business in Canada perhaps is more ripe than any other business to be taken over by the state. If it had not been for the action of the Prime Minister and the government, we would now have neither insurance companies nor banks in Canada. In my opinion the action which the Prime Minister and the government took saved these institutions. But for the credit of the nation that was placed behind the banks through the Finance Act there is not a bank in Canada would have stood, and but for the special legislation by order in council with respect to insurance companies, there would be no insurance company in Canada to-day. I commend the government for its action in those respects. It was necessary to save those institutions. But, Mr. Chairman, we do not want to save them for private individuals. If it is necessary to place the credit of the people of Canada behind such institutions, we want to control them for the people of Canada, and so I suggest that the government next year bring down legislation nationalizing the entire insurance business in this country. The business of insurance belongs to the people. It is the easiest and safest business to run; it is the most important from the point of view of finance, and I trust that the government will take it over.

Mr. RHODES: May I express my thanks to the hon. member for Wetaskiwin for his courtesy in advising me that he intended to make some references, by way of fair criticism, to certain provisions of this bill. If it meets with the approval of the committee, I shall endeavour to deal with the observations made by my hon. friend, especially as they have applied to various sections of the bill, in one reference rather than wait till we come to the particular sections involved.

In the first place my hon. friend has asked why sections 56, 57 and 82 of the old Insurance Act do not appear in this new measure. Let me point out that the insurance bills as they appear before this house represent not only the wisdom and judgment of the Senate, which gave many weeks of careful study to them, but also the combined judgment of all parties who evinced an interest in insurance legislation, including the provinces, which hitherto have opposed the dominion in its attempt to deal with insurance legislation at all. The reason these sections have been left out is due solely to the fact that, in the opinion of eminent counsel, to reenact them

in this measure would be to reenact sections which in terms have to do with the business of insurance, and that is the very thing which the privy council has determined beyond question is a subject which comes within the exclusive jurisdiction of the provinces. It might be, perhaps it is so, that these bills would be better if certain provisions of those sections could have been incorporated in them, but we can only go so far in this legislation dealing with the subject of insurance as the privy council in its wisdom has decided we may go.

My hon. friend dealt with subsection 4 of section 63 of the bill.

Mr. SPENCER: Before the minister gets away from that point, may I read section 81 of the old Insurance Act, which provides:

> No officer, agent, employee or servant of such life insurance company, nor any person soliciting insurance, whether an agent of the company or not, shall be deemed to be for any purpose whatever the agent of any person insured in respect of any question arising out of the contract of insurance between such person insured and the company.

The section deals with the soliciting of insurance. I would ask the Finance minister if his remark applies to that section, and if so, in what way does that section clash with the decision of the privy council?

Mr. RHODES: As I have stated before, I do not profess to be able to give a legal opinion which has any value, but I am assured by competent legal authorities that beyond question to attempt to reenact this section would be in clear violation of the decision of the privy council. There is no question in the world in their judgment that an attempt to reenact this section would be unconstitutional having in mind the decision of the privy council.

Mr. COOTE: Would the minister say the same with respect to the old section 82?

Mr. RHODES: Yes, beyond question.

Coming to subsection 4 of section 63 of the bill before us, I apprehend that in the mind of my hon. friend from Wetaskiwin this is an attempt to permit the injection of watered stock into the securities of insurance companies. I may say to my hon. friend that the section does not mean that at all, nor is it capable of that interpretation. Many soundly managed companies have for one reason or another found it desirable to change the class and character of their securities. This section provides that if that is done there shall be no impairment either of the status or of the value of the securities, so if a reorganization were to take place as permitted under this subsection the insurance company would still have as ample, as complete and as full protection as it had with the securities which it held prior to the reorganization.

My hon. friend raised the question why there has been imposed a limitation of fifteen per cent upon the amount of common stock which may be held in the assets of insurance companies. In fact he queried as to why insurance companies could hold any common stock at all. Hon. members will recall on a previous occasion I pointed out that in times past the superintendent of insurance had sought very diligently to have a limit imposed as to the amount of common stock which could be held by life insurance companies. The house in its wisdom, however, saw fit not to accept his judgment and imposed no limitation upon the amount of common stock which could be held. Leaving aside for a moment the merit of the question whether or not it is wise to allow insurance companies to invest in common stocks, we must remember that as a matter of actual fact every company in Canada to a greater or lesser degree has among its assets common stocks. So that we are not dealing with a theory; when we are discussing the matter of the holding of common stocks we are dealing with facts.

Upon that point, however, I think the argument may be made with considerable force that there is no good reason why the insurance companies should be limited to bonds in their purchases of securities. If one were to survey the market to-day he would find bonds not of companies but of nations which are selling for a mere fragment of their issued prices. Under legislation restricting the investment in securities to bonds, insurance companies might very properly have invested in many of those bonds and yet fared much worse in the matter of the reduction of their assets. That would be so even under the present drastic reduction in common stock values obtaining to-day. As a matter of fact however there are common stocks of Canadian companies, known in investment circles as seasonal stocks, which despite the low point at which all stocks and bonds are selling to-day, compare very favourably with securities of all kinds, whether they be bonds or debentures, issued not only in Canada but in any other part of the world. I have in mind the common stocks of some companies which represent their whole assets; that is to say, there are no debentures or bonds ahead of them. I submit, Mr. Chairman, that as a security the common stock in a company like that is not only in a class with many bonds

but has the merit that to the extent the company prospers there is an added yield and consequently an added income to the insurance company fortunate enough to hold it.

I was somewhat impressed when I took note of the only element of criticism we have had with respect to these measures. The gentleman outside of the house who has been so vocal in his criticism of them was at pains to point out that we in Canada would be well served if we had an insurance act and an inspector of insurance such as they have in the state of New York. As a matter of fact at an insurance convention held in that state on October 30, 1929, Superintendent Conway issued a statement which was published in the New York Journal of Commerce. It is as follows:

> There has been such a drastic readjustment of the prices of the leading common stocks of the country that I took the opportunity this afternoon to recommend to the insurance companies the purchase of such stocks. In addition I called into conference the heads of the largest life insurance companies available in this state. These life insurance companies were unanimous in their belief that the values of many of the leading common stocks had been readjusted to the point where they should be purchased. I stated to them that I would recommend to the next legislature of the state of New York an amendment to the statute so as to permit the purchase of the leading common stocks of the country by life insurance companies for investment purposes. The life insurance presidents, who were at the conference, offered to return to-morrow afternoon and confer to see if there was any way in which under the present statute they could make purchases.

My sole object in reading this opinion by Superintendent Conway is to show that the argument with respect to the value of common stocks, as an investment by life insurance companies, is by no means onesided.

Mr. LUCAS: Time has proven that Mr. Conway's judgment at that time was very wrong.

Mr. RHODES: Time has proven that his judgment with respect to that being the right time to purchase common stocks was wrong.

Mr. COOTE: Wrong any time.

Mr. RHODES: I would point out that a host of others were equally wrong at that time, and I have no hesitation in placing myself among the number.

Mr. CAYLEY: Did he advise the purchase of any amount, or was an amount stipulated?

Mr. RHODES: There was no question as to the amount and no suggestion as to limitation. I have used the opinion of Mr. Conway merely to indicate that there was a conservative point of view favourable to the purchase by insurance companies of common stocks to be held for investments.

Mr. SPENCER: What is the object of using the figure fifteen per cent? For instance, I understand one life insurance company held about forty-seven per cent common stock whereas the average among other life insurance companies is about 1.56 per cent. Would the minister give us some reason why the figure fifteen was suggested?

Mr. RHODES: The best answer I can give is to say that the figure was arbitrary; they might have said ten per cent. I do not know that any exact reason can be given as to why the figure fifteen was used in place of the figure ten, sixteen or seventeen. I assume it was selected as representing the combined judgment of those who had to do with the consideration of the act before the committee of the Senate. I suppose the figure fifteen is a fair one, and one beyond which it would not be advisable to go in the purchasing of common stocks. It is true that there are insurance companies to-day which have less than two per cent of their total investments in common stock holdings. I would point out to my hon. friend, however, that if those companies confined their investments in common stocks to less than two per cent when, under the legislation as it previously stood, they could have invested without limit in common stocks, it does not seem reasonable to assume that now, when they are restricted to fifteen per cent, they will enlarge upon the total amount of common stock they hold in proportion to their total amount of investments.

Mr. SPENCER: That was not the reason for my question. The insurance companies generally have not seen fit to invest even to two per cent. If only one insurance company has seen fit to invest so radically in common stock I should have thought those drafting the act would have followed the course adopted by the majority of insurance companies, and put the maximum a great deal lower.

Mr. RHODES: I do not know that I can enlarge upon the answer I have already given. An argument for 10 per cent or for 16 per cent might be supported as well as the argument for fifteen per cent. I take this to be an arbitrary figure imposed, in the judgment of those who have knowledge of these matters, as being the safe figure beyond which one

company should not go in the investment of these funds. Of course that decision was arrived at after several weeks of consultation, not only on the part of the representatives of the provinces but, I would point out, by the representatives of all the life insurance companies, including those to which my hon. friend refers. The bill is concurred in by all the life insurance companies, so I take it as beyond question that they are satisfied that this is a safe provision to be included in the act.

My hon. friend referred to the fact that one life insurance company in Canada already has a very large proportion of its assets invested in common stock. That is true, but it would be the height of folly to attempt to impose upon that company legislation that would bring it, under existing market conditions, immediately within the limitation of fifteen per cent. It would mean that the company would be compelled to jettison many tens of millions of dollars' worth of its securities upon a distressed market, and if we attempted any such thing we would do a great harm not only to that company but to its policyholders. I think we are wise to give such a company time in which to dispose of its securities under the most favourable conditions, we hope under conditions which will permit of a substantial appreciation in price. In this connection let me point out that this company cannot buy another dollar's worth of common stock. There must be a gradual process of reduction, eventually bringing the company within the provisions of the act, which says it may not hold more than fifteen per cent of its assets in the form of common stock.

Mr. IRVINE: Would it not be possible to give such powers to the superintendent of insurance, with respect to this particular company, so that at least he may exercise persuasive authority in order to bring it within the scope of the act as soon as possible?

Mr. RHODES: I submit that to do so would be to attempt to thrust too much responsibility upon one official of the government; it would practically mean that you would substitute the superintendent of insurance for the company in the management of its own affairs. If you come to the point where you say the government must take over insurance, that is another matter, but until we make that decision I submit that a provision of the kind suggested would be very unwise. At the same time I think I am fair to the superintendent of insurance, and I believe I am within the judgment of the committee and will receive the approval of the great majority of hon. members, when I say that in the person of the superintendent of insurance we have a gentleman who is very vigilant in the public interest. I am sure that if any guidance of his can lead companies along safe channels he will be the first to make suggestions of the kind.

Mr. SPENCER: Would the minister tell me whether trust companies are allowed to invest in common stock?

Mr. RHODES: Trust companies may invest their own capital in that way, but they may not invest their trust funds. In that respect they are confined to the securities set out in the Trust Companies Act.

Mr. SPENCER: Are not policyholders' trust funds in the same position?

Mr. RHODES: Certainly they are in a moral sense, without question, but they are not in the same position as trust funds held by a trustee under the Trust Companies Act.

My hon. friend referred also to the section of this bill which permits the valuation of securities. That is precisely the provision that obtained in the old act, as to principle. We are permitted now to do with respect to stocks only what the old act has always permitted with respect to bonds, and I submit that if we are to permit the valuation of one form of assets we ought to permit the valuation of another, so long as the act provides that both may be held by the company as valued securities.

May I conclude by expressing my grateful thanks to my hon. friend from Wetaskiwin for his word of commendation with respect to the action of the government in the matter of the valuation of the securities of life insurance companies. I hesitate to think what would have been the reaction, had we not taken that step, upon the companies, upon Canadian business institutions and so on. In following that course we were only keeping to the judgment of the governments of each of the United States of America. This method was used during the war period, and subsequent events proved that the action of the government was wise. I do not profess to be a prophet or to be able to see into the future, but I have the hope, the faith and the belief that we are passing through a period of depression from which we will emerge, and that in the light of after events it will be shown that our action in the present instance was directed to the benefit of the policyholders, to the stability of the companies, to the preservation of Canadian credit,

and to the public good. In what position would the government have been, for example, had it not taken action similar to that taken in the United States? It would have meant that Canadian companies, which do a very large proportion of their business in foreign fields, would have been placed in an unfair position to such an extent that their business would have been imperilled in the field where to-day they have equal opportunity with American companies.

I hope I have covered all the points raised by my hon. friend from Wetaskiwin, as it was my desire to do. If I have missed any point I will endeavour to deal with it more fully as we proceed with the various sections.

Mr. COOTE: Are there more companies than one that have as much as fifteen per cent of their assets in common stock?

Mr. RHODES: I believe there is only one life insurance company in Canada that has as much as fifteen per cent of its securities invested in common stock.

Mr. COOTE: I do not think it is wise to allow these companies to invest as much as fifteen per cent in common stock.

Mr. RHODES: There are other companies with more than five per cent, and as a matter of fact one company has as much as thirteen per cent of its assets invested in common stock.

Mr. COOTE: In connection with this very point, I look upon insurance premiums as trust funds in the highest sense of that word. They are held in trust for widows and orphans, for whom so much concern is expressed in this house, and we should no longer allow these companies to invest, in common stocks, trust funds held for widows and orphans. I think the experience of the last three years certainly proves that this is a situation that should be corrected.

Mr. RHODES: Whether legally or not, I do not think that there is any question that morally they are trust funds and should be so regarded. It might be the part of wisdom for us to restrict the investment in common stocks to a lower figure than fifteen per cent, but I submit that we have gone a long way in the right direction in reducing the authority of the companies to fifteen per cent, whereas heretofore they have had no limitation at all imposed upon them. If a year or two hence conditions, as I trust, are more stable, and insurance companies are in a position to dispose of securities in the form of common stock, we may then, I hope, be able to determine the wisdom of still further restricting the extent to which such investments may be made.

Mr. COOTE: If we are going in the right direction we ought to go all the way. Provision could be made with respect to companies that now hold common stocks. That could be done, by means of authority in the act, through orders in council passed by the government from time to time giving the companies sufficient time to dispose of their common stocks without loss to themselves. If that were done, companies that do not now hold common stocks would not be liable to make the mistake of investing their funds in these stocks. That would be a much better way of dealing with the situation in which many companies now find themselves.

Mr. RHODES: Any company which was able to resist the temptation of making money by investments in common stocks to the extent of limiting their investments to less than two per cent during the hectic days of 1927 and 1928 can certainly be trusted not to attempt, in the light of the experience of the past two years, to invest too much of its securities in common stock. Assuming for the sake of argument that it were wise to prohibit them from investing in common stocks at all, it would be a mistake to impose an arbitrary restriction by statute on these companies with respect to time. If a year hence conditions are such as to warrant us in considering, first, a policy, and then the wisdom of its application in a more restricted measure, that is another matter. But under conditions as they exist I say that for this year, having taken such a long step, it would be unwise at this time to go further, because it would be open to parliament to deal with the matter in a year's time in the light of experience gained in the interval, and we could then deal with it far more effectively in the interests not only of the public but of the companies themselves.

Mr. LUCHKOVICH: Is it not a fact that the state of New York refused to allow the Sun Life Company to sell insurance because of its policy of dealing in stocks, and that this refusal was made long before the stocks began to fall?

Mr. RHODES: I would not subscribe to the impression conveyed by the hon. gentleman's question. I am not familiar with the facts, but I am advised that there were certain restrictions on the part of the state of

New York, aside altogether from the question of stocks, which restrictions were distasteful to that company, who in their own judgment decided not to attempt to invade that field. I do not understand for a moment, however, that the decision of the company not to attempt to take out registration there had any reference to or reflection upon their securities in any shape or form.

Mr. CAYLEY: I agree with the minister that perhaps the government have taken the only course they could to save the companies in the predicament in which they find themselves. He has spoken of common stocks that are perhaps as good an investment as bonds, and he has also implied that there are some mighty poor common stocks. The question that occurs to me is this: What precaution will the department take to satisfy itself that the companies are investing in good and not in questionable common stocks?

Mr. RHODES: The conditions are laid down by statute. We could never expect to take out of the hands of the companies the management of their own business and to place it in the hands of an official of government, unless we were prepared to go the length of taking over the insurance business, which is another matter.

Mr. CAYLEY: But surely there is some provision that these common stocks must have proved their value.

Mr. RHODES: That is prescribed in the act, and it was in the old act. The provision was that they had to pay not less than four per cent dividend for a period of seven years. In other words, the stocks had to be reasonably matured and seasoned stocks before the companies could invest in them.

Mr. CAYLEY: Do these same provisions apply to surpluses held by fire insurance companies?

Mr. RHODES: Yes.

Mr. NICHOLSON: With regard to investments in stocks by insurance companies, these investments are made only after the exercise of their best judgment by the directors and investment managers of the companies. The whole discussion has centred around a particular company which is reputed to hold a large block of common stock, but no discussion whatever has taken place with regard to other insurance companies that have invested in securities which are listed here as legitimate investments for insurance companies, and if you eliminate them you leave very few securities in which an insurance company can invest, the book value of whose investments has been reduced just as much as the book value of the company that has common stocks. Take one or two items: Bonds and debentures of municipalities and school sections. I know many municipalities whose bonds and debentures would be reduced, if you took their market value to-day, just as greatly as the common stocks in which a number of insurance companies have invested. Then again, we have ground rents, and mortgages on real estate in Canada and elsewhere, I personally know insurance companies who have followed what is known as the conservative line and invested, not in common stocks, but in high class real estate mortgages. What would these insurance companies do to-day if they were called upon to realize upon these mortgages? It will be found that certain classes of bonds and debentures, of preference and common stocks of reliable companies are below their normal value. I know of one company paying and earning seven per cent on its preference stock, and that stock is selling to-day at a price barely equal to three years' dividends—it is worth about one-fifth of its ordinary market value. Why is that? Simply because it is not the seller or holder of real estate who fixes the price; it is the purchaser, and the same applies to bonds, school debentures and so on. This whole discussion has been centred about one company which is known to hold large blocks of common stocks, selected upon the best judgment of its directors. Anyone who has faith in Canada will admit that those stocks are as intrinsically sound as the best real estate or bonds to be purchased in Canada. They will come back just as surely as any other investment. I look upon this discussion, centred as it is against one company, as unfair and unwise in the interests of Canada and the policyholders of that company.

Mr. IRVINE: So far as I am concerned, I centred my remarks upon no single company. If anything I said applied to any company, that company itself is entirely to blame. My hon. friend appears to have an excellent knowledge of business and investments; I ask him if he considers common stock investments to be as safe as bonds?

Mr. NICHOLSON: If the investments of insurance companies are to be limited to the bonds of Canada, then there is nothing to be said. The bonds of Canada are the best

investment you can get. Will my hon. friend suggest that the investments of insurance companies should be limited to the bonds of Canada?

Mr. IRVINE: No.

Mr. RHODES: The remarks of the hon. member for Wetaskiwin have been quite in keeping with this matter, and his suggestions and criticisms have been very constructive. I do not think any exception can be taken to anything he has said.

Section agreed to.

Section 9 agreed to.

On section 10—Stock transferable.

Mr. SPENCER: I understand from the Minister of Finance that sections 56, 57 and 82 of the old act are left out of this bill in order to get away from the decisions of the privy council. Does the minister think that we are safe in passing this bill and that it will not be challenged by the various provinces?

Mr. RHODES: I cannot answer that question either negatively or affirmatively. I can only say that the bill was drafted after full conference and consultation with eminent counsel who represented the three provinces which have hitherto taken exception to dominion jurisdiction, and that the bill meets substantially with their approval. At all events it is safe to say that they have not taken active steps in opposition to the two bills as they now stand, and I hope after we have operated under this legislation for a year or so, the provinces will accept them without question.

Section agreed to.

Sections 11 to 31 inclusive agreed to.

On section 32—Liability of directors for transfer of shares.

Mr. SPENCER: Are special penalties provided for directors who mismanage their companies?

Mr. RHODES: Section 118 provides for penalties.

Section agreed to.

Sections 33 to 43 inclusive agreed to.

On section 44—Approval of by-laws by treasury board.

Mr. RHODES: I am going to propose that subsection (7) of this section be amended by striking out the words "under the provisions of this act or of the Winding-up Act," in the third and fourth lines, and striking out the words "of this act and" in the fifth line thereof. This amendment is necessitated because of the fact that there is no provision in this act for winding up, and the only act under which that process can take place is the Winding-up Act.

Mr. RYCKMAN: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 45 to 62 inclusive agreed to.

On section 63—Investment of company's funds.

Mr. SPENCER: This is the contentious clause. I should like again to refer the minister to subclause 6 of this clause and to ask him whether he would not give consideration to reducing that figure of fifteen per cent.

Mr. RHODES: I do not think there is anything I can add to what I said a short while ago regarding this particular clause. It may be that fifteen per cent is too much; it might be that ten per cent would be too much. As to that I cannot say, but I have said that this percentage represents the combined judgment of those who devoted a great deal of time and careful thought and study to this subject, including the life insurance companies themselves, who hitherto, when no limitation had been imposed upon them, invested not more than two per cent of their funds in common stocks. We might be well advised to let this figure remain as it is, and, as we proceed from session to session, revise it if necessary.

Section agreed to.

Sections 64 to 80 inclusive agreed to.

On section 81—Maintenance of separate funds.

Mr. RHODES: I have a minor amendment to move to this section, namely:

That subsection one be amended by striking out the words "registered under the provisions of this act to transact the business of life insurance."

This is merely for the purpose of good wording, because the clause would be correctly expressed with those words included. They are surplus, unnecessary. I shall ask my colleague, the Minister of National Revenue, to move this amendment.

Mr. RYCKMAN: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 82 to 89 inclusive agreed to.

On section 90—Fraternal benefit societies.

Mr. RHODES: I have a minor amendment to move to this section. If members of the committee will refer to this section they will see the words "forty-one to forty-four". This should read: "forty-one and forty-four". I am therefore going to ask my colleague, the Minister of National Revenue to move:

That subsection 2 of section 90 be amended by striking out the words "forty-one to forty-four thereof both inclusive" in the fourth and fifth lines and substituting therefor the words "forty-one and forty-four thereof."

Mr. RYCKMAN: I move accordingly.

Mr. DUPUIS: After the amendment, the clause will read: "with the exception of sections 26 and 41 and 44." There are two "ands".

Mr. RHODES: My hon. friend is quite right. The first "and" should also be deleted.

Mr. RYCKMAN: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 91 to 107 inclusive agreed to.

On section 108—Delivery of securities.

Mr. RHODES: There is an amendment to this section, to strike out the words "with the concurrence of the treasury board" in the second line of subsection 3 and insert the same words after the words "he may" in the fifth line of the said subsection. That is to make this section conform, and for the same reasons as given when the amendment was moved with reference to Bill No. 67.

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 109—Life companies.

Mr. RHODES: There is an amendment to this section, Mr. Chairman, to insert after the word "policies" in line twenty-six of the bill the words "together with its other liabilities in Canada."

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Section 110 to 118 inclusive agreed to.

On section 119—Annual statement.

Mr. RHODES: There is an amendment to this section, Mr. Chairman, to insert the word "British" before the word "company" where it occurs in paragraps (a), (b), (c), (d) and (e) of this section. This is only of application to British companies, and the amendment is designed to make that clear beyond question.

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Sections 120 to 122 inclusive agreed to.

On section 123—Name of company.

Mr. RHODES: There is a verbal amendment to this section, Mr. Chairman. It is to amend subsection 1 by striking out the words "company or British company registered under this act" in lines 2 and 3, and substituting therefor the words "corporation registered under the laws of the Dominion of Canada to transact the business of insurance"; and to amend subsection 2 by striking out the words "company or British company registered under this act" in lines 3 and 4 of the said subsection, and substituting therefor the words "corporation registered under the laws of the Dominion of Canada to transact the business of insurance."

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Section 124 agreed to.

On section 125—Assets to be maintained in Canada by life companies.

Mr. RHODES: There is an amendment to this section, to add after the word "policies" at the end of the section the words "together with its other liabilities in Canada."

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Sections 126 to 133 inclusive agreed to.

On section 134—Release of assets on dicontinuance of business.

Mr. RHODES: I have an amendment to this section, as follows:

That subsection 3 of section 134 be amended by striking out the words "with the concurrence of the treasury board" in the second line thereof, and the word "shall" in the fifth line, and by inserting the words "may, with the concurrence of the treasury board" after the word "he" in the fifth line thereof.

Mr. RYCKMAN: I so move.

Amendment agreed to.

Section as amended agreed to.

Sections 135 to 138 inclusive agreed to.

On section 139—Reserve liability for annual statement.

Mr. RHODES: I have an amendment to this section which I believe will make for better construction. The purpose of the amendment is to form a considerable portion of subsection 1 into a new subsection. The amendment is as follows:

That subsection one of section 139 be amended by striking out the words "provided that" in the seventh line thereof, and by inserting as subsection 3 of the said section, all the remaining words of the proviso beginning with the words "Every British company" and ending with the words "under such policies."

Mr. RYCKMAN: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 140 to 150 inclusive agreed to.

On section 151—Name of provincial company.

Mr. RHODES: I have an amendment to this section which will make it conform to previous sections as amended. The amendment is as follows:

1. That subsection one of section one hundred and fifty-one be amended by striking out the words "company or British company or provincial company registered under this act" in the second and third lines of the said subsection, and substituting therefor the words "corporation registered under the laws of the Dominion of Canada to transact the business of insurance."

2. That subsection two of section one hundred and fifty-one be amended by striking out the words "company or British company or provincial company registered under this act" in the third and fourth lines of the said subsection, and substituting therefor the words "corporation registered under the laws of the Dominion of Canada to transact the business of insurance."

Mr. RYCKMAN: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 152 to 157 inclusive agreed to.

Schedules agreed to.

On the preamble.

Mr. LAPOINTE: Before the bill is reported I should like to ask the minister if he thinks it will be accepted by the provinces, and that they will not urge that their jurisdiction is being encroached upon. My information is different. I was not here when the bills were first discussed, but I have read Hansard, and I learn from that source that the minister based his opinion as to the bills being within the jurisdiction of this dominion on the following statement by Lord Haldane:

Their Lordships have no doubt that the Dominion parliament might pass an act forbidding aliens to enter Canada, forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada requiring them, e.g. to report at stated intervals.

In the last case, which was decided a few months ago, their lordships of the privy council expressed the hope that that was the last litigation concerning insurance between the dominion and the provinces. I am very much afraid that the hopes of Lord Dunedin, who delivered the judgment, will not be realized. The statement of Lord Haldane, quoted by my hon. friend, is referred to in the judgment of a few months ago in the case of the Attorney General of Quebec versus the Attorney General of Canada. In that case Lord Dunedin is quoted as follows:

Their Lordships consider that although the question was studiously kept open in the Reciprocal Insurers case, it was really decided by what was then laid down. The case decided that a colourable use of the Criminal Code could not serve to disguise the real object of the legislation, viz., to dominate the exercise of the business of insurance. And in the same way it was decided that to try by a false definition to pray in aid section 95 of the British North America Act, which deals with immigration, in order to control the business of insurance, was equally unavailing. What has got to be considered is whether this is in a true sense of the word alien legislation, and that is what Lord Haldane meant by "properly framed legislation." Their Lordships have no doubt that the Dominion parliament might pass an act forbidding aliens to enter Canada or forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada, requiring them e.g., to report at stated intervals. But the sections here are not of that sort, they do not deal with the position of an alien as such; but under the guise of legislation as to aliens, they seek to intermeddle with the conduct of insurance business, a business which by the first branch of the 1916 case has been declared to be exclusively subject to provincial law. Their Lordships have, therefore, no hesitation in declaring that this is not "properly framed" alien legislation.

Further he says it is really the same old attempt made in another way. I will not quote more extracts, but surely the present legislation is the same old attempt not even made in another way but in the same old manner. I have nothing else to say except to prophesy that again these bills will run the gauntlet of the privy council and will meet the fate of the previous bills.

Mr. RHODES: I do not think any good purpose can be served by my attempting to enter into a discussion with my hon. friend as to the legal phases of this question—

Mr. LAPOINTE: I just want to issue a warning.

Mr. RHODES: —even if I felt myself competent to do so, which I would be the first to admit I am not. But I do not share the apprehensions of my hon. friend. In the first place those whose opinions I respect, eminent counsel, are in agreement, so far as lawyers can agree in controversial matters, that the language of the statute places us safely within our jurisdiction having regard to the recent decisions of the privy council upon the subject of the rights of the dominion as against the provinces in the matter of the business of life insurance.

There is, however, a further reason which I think should not be overlooked. It is that these bills were framed after complete, full and very harmonious conferences and discussions with eminent legal gentlemen representing the three provinces, which hitherto have taken exception to the dominion jurisdiction as against the provincial jurisdiction in the matter of insurance. I will quote here just one sentence spoken in another place by a very eminent gentleman:

> I think I can assure those hon. gentlemen that there is no disposition on the part of the provinces—even those which have introduced bills on this subject—to say that no jurisdiction is left to the dominion. There is rather a disposition to find ground upon which they can stand, as distinguished from the ground on which we can stand, and to avoid if possible further litigation on this question.

I have the hope that not only the legal phraseology of these bills and the way in which they are framed but more particularly the atmosphere of confidence in which they have been framed is an indication that we have arrived at the last of our questions of jurisdiction, certainly as touching the business of insurance. Upon that question I may be quite wrong, but I can only give my hon. friend the opinions of those I have mentioned, for what they may be worth.

Mr. LAPOINTE: I may say that I am authorized by the legal department of the province of Quebec to say that they do not accept that bill. Not only that, but they say Ontario does not accept it either. On my last trip to Quebec there was a representative of the Ontario legal department on the train, and he told me the same thing; he has not the slightest doubt that this legislation is ultra vires. So far as I am concerned I should like very much if some ground could be found upon which to base an understanding. I believe it is important that there should be some general control of the business of insurance, but I am afraid my hon. friend is too hopeful when he believes that this will be accepted by the provinces.

Mr. RHODES: That may be so, although I will say that I think the dominion has gone a very long way in its endeavour to find a practical common ground which will be reasonably acceptable to the provinces. But if they insist upon gratifying their taste for further litigation I can only say that there is an old maxim about the pitcher going too often to the well. Perhaps if the provinces persist in their activities they may not find themselves so uniformly successful.

Mr. LAPOINTE: The trouble is that they have always won their points.

Mr. CAYLEY: Perhaps the minister would permit me to refer to a subject that was discussed a few nights ago when we were considering the question of taxation.

Mr. RHODES: We will come to that again; the bill is in committee.

Mr. SPENCER: Before these bills are reported I should like to remind the committee that now we have finished considering three bills on the subject of insurance, covering in all some 118 pages and containing some 224 sections. It was because of the length of these bills that we in this corner of the house thought it would be better to send them to one of the standing committees, because it is impossible to go through them thoroughly in committee of the whole. The Minister of Finance, however, gave as the principal reason why that should not be done the fact that the bills were so thoroughly considered in the other chamber that he did not think it worth while to pass them on to a committee of this house. Apparently the work done in the other chamber, however, did not even suit the Minister of Finance himself, because in the course of the consideration of these bills dozens of amendments have been moved by the minister or his confreres. The very fact that these amendments have been moved is full justification for our request that these bills be sent to a standing committee of the house.

Bills reported.

Mr. SPEAKER: When shall said bills be read a third time?

Mr. SPENCER: Next sitting of the house.

Mr. RHODES: Unless my hon. friend has any amendments to move, I would suggest that at this stage of the session, in view of

the fact that the Senate is sitting, it would afford them a greater opportunity to deal with the bills than if we sent them up later.

Mr. SPENCER: In view of the remarks of the minister I withdraw my objection.

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

WATERTON GLACIER INTERNATIONAL PEACE PARK

Hon. T. G. MURPHY (Minister of the Interior) moved the second reading of Bill No. 97, respecting the Waterton Glacier International Peace Park.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Proclamation.

Mr. ERRICK F. WILLIS (Souris): Mr. Chairman, the present occasion offers an opportunity of presenting to this house certain facts in regard to the project known as the International Peace Garden of America.

May I say in a word that there is now in practically the geographical centre of this continent, a garden of three thousand acres, in the Turtle mountains donated to the people of North America by the governments of the province of Manitoba and the state of North Dakota, for the purpose of a living and lasting memorial to the greatest peace ever existing between two nations.

May I direct the attention of this house to the background, organization, and plans of this project, which in the future will, I believe, be well known to you all.

The idea of a beautiful garden on the international boundary was first thought of by an eminent Canadian horticulturist, Mr. Henry J. Moore, of Islngton, Ontario, in 1928, and was suggested to the convention of the National Association of Gardeners held in Toronto in August, 1929. The project met with the heartiest approval of the audience which represented thirteen United States horticultural societies, and practically all of the major horticultural organizations of Canada. The association formed a peace garden committee which committee organized an international committee. This committee has changed slightly from time to time in personnel, but is at present as follows:

Canadian Representatives

Secretary: Mr. H. J. Moore, Islington, Ont.
Treasurer: Sir John Aird, president, Canadian Bank of Commerce, Toronto.
Mr. J. E. Atkinson, president, Star Publishing Co., Toronto.

Mr. E. W. Beatty, president, C.P.R., Montreal.
Mrs. George Black, F.R.G.S., wife, Speaker House of Commons.
Mr. John H. H. Jury, president, Drug Trading Co. of Canada.
Hon. Athanase David, provincial secretary, province of Quebec.
Mr. T. W. Duggan, general manager, Dale Estate (Florists) Brampton.
Lady Eaton, Toronto.
Rt. Rev. Edmund H. Oliver, D.D., Moderator, United Church of Canada.
Mrs. W. J. Hanna, Sarnia, wife of late Hon. Mr. Hanna, provincial secretary of Ontario.
Com. James Hay, O.B.E., territorial commander, Salvation Army in Canada.
Rev. W. A. Cameron, pastor of Yorkminster Baptist Church, Toronto.
Most Rev. S. P. Matheson, D.D., former Primate of all Canada.
Hon. D. G. McKenzie, Minister Mines and Natural Resources, Manitoba.
Rev. R. R. McKay, past president, Baptist Convention Ontario and Quebec.
Hon. Robert Weir, Minister of Agriculture.
Hon. W. R. Motherwell, former Minister of Agriculture.
Most Rev. Neil McNeil, D.D., Archbishop of Toronto (Catholic).
Miss Ethel T. Raymond, Brantford, journalist.
Rt. Rev. J. A. Richardson, D.D., Bishop of Fredericton.
Col. Hugh A. Rose, Welland, barrister, etc.
Mlle. Idola Saint Jean, Westmount, pioneer in women's politics.
Mr. C. F. Sise, Montreal, president, Bell Telephone Co.
Sir Henry W. Thornton, K.B.E., president, C.N.R., Montreal.
Mrs. J. A. Wilson, Ottawa, past president, National Council of Women.
Most Rev. C. L. Worrell, D.D., Bishop of Nova Scotia; Primate of all Canada.

American Representatives

Mr. A. C. Burrage, Boston, lawyer, president Massachusetts Horticultural Society.
Rev. S. Parkes Cadman, D.D., Brooklyn, N.Y.
Hon. Martin L. Davey, Kent, Ohio, president, the Davey Tree Expert Co.
Mr. Henry W. deForest, New York, capitalist; vice-president, New York Botanical Garden.
Mr. Pierre S. duPont, Wilmington, Del., manufacturer.
Mrs. Henry Ford, Dearborn, Mich.
Rev. Jas. E. Freeman, Bishop of Washington.
Mr. T. A. Havenmeyer, New York, president, New York Horticultural Society.
Hon. Arthur M. Hyde, United States Secretary of Agriculture.
Mrs. Wm. A. Lockwood, New York, wife of Senator Lockwood.
Hon. Frank O. Lowden, Oregon, Ill., Ex-Governor of Illinois.
Miss Marion H. McClench, Ann Arbor, president, National Federal Business and Professional Women's Clubs.
Mr. Adolph Ochs, New York, director, Associated Press.
Hon. Wm. Phillips, Boston, former Minister to Canada.
Hon. Alfred E. Smith, New York, former Governor of New York.

Mr. L. S. Taber, Columbus, Ohio, Master National Grange; Vice-president, American Country Life Ass'n.
Senator Thomas J. Walsh, Montana.
Mr. Owen D. Young, New York, lawyer, etc.

Canadian Advisory Organization Committee
(Sponsoring Committee for Canada)

William E. Groves, Bowmanville, Ont., Manager Kingsway Nurseries.
Leo. McKenna, Montreal, P.Q., florist.
C. S. Thompson, Peterboro, Ont., secretary, Canadian Florists and Gardeners Ass'n.
Victor Scott, Winnipeg, Man., florist.
Silas A. McFadden, Toronto, Ont., Manager, Tidy & Sons, florists.

American Advisory Organization Committee
(Sponsoring Committee for United States)

Donald J. Crighton, Convent, N.J., estate superintendent.
Robert P. Brydon, Cleveland Heights, Ohio.
Joseph R. Dunlop, South Euclid, Ohio, estate superintendent.
Montague Free, Botanic Garden, Brooklyn, N.Y., horticulturist.
Wm. J. Gray, Washington, D.C., parks superintendent.

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Having set up a powerful organization composed of leading men and women of this continent, backed by technical experts in horticulture, the next step was the selection of a site for the international peace garden. For this purpose two experts were chosen, one representing the sponsoring body of the United States and one for Canada. The Canadian representative as chosen was Henry J. Moore, above mentioned, a graduate of the Royal Botanic Gardens at Kew, England, and one of the leading horticulturalists of this dominion. The American representative as chosen was Joseph K. Dunlop, of South Euclid, Ohio, estate superintendent to Congressman Chester W. Bolton. Mr. Dunlop is one of the outstanding practical horticulturists in the United States, having a special knowledge of ornamental gardening and landscape architecture.

This committee of experts had several sites brought to their attention, both east and west, and after a careful and unhurried survey, reported unanimously to the sponsoring associations in the summer of 1931, in favour of the Turtle mountain site, on the International boundary between North Dakota and Manitoba. This recommendation was subsequently agreed to by the international committee on September 16, 1931.

Mr. J. W. Parmley of Ipswich, South Dakota, and Mr. W. V. Udall of Boissevain, Manitoba, drew the attention of the committee to the Turtle mountain region, and on June 2, 1931, it was inspected by Mr. Dunlop and Mr. Moore. Some idea of the nature of the region may be gathered from part of the report of Mr. Moore as to the inspection. I quote:

We inspected the area from the air, and what a sight greeted the eye. Those undulating hills rising out of the limitless prairie are filled with lakes and streams and in the lakes are lovely islands, all timber clad. On the south of the imaginary and unrecognizable boundary, wheat everywhere! On the north the Manitoba forest reserve. One photograph taken from the air revealed seventeen lakes, but in the Turtle mountains there are nearly two hundred on both sides of the boundary. What a place for a garden! Then on the ground our inspection of soils and vegetation was made. There is no finer soil anywhere. The vegetation composed of oak, elm, ash, poplar and other trees and hundreds of species of shrubs and flowers revealed this. Then a motor boat trip across Lake Max, in the forest reserve, where some ten species of ducks were noticed. Also in this reserve are beaver and many other forms of animals, and birds, including swans and partridge.

The Turtle mountain region is the watershed of Manitoba and North Dakota. It is a beautiful undulating plateau which rises out of the seemingly endless prairie. The hills rise from a mean elevation of four hundred feet to an average of about one thousand feet, although at one point an elevation of 2,500 feet is attained. The contours of the area lend themselves to the development of landscape gardening in all its forms. There are sheltered areas galore; there are scenes of pastoral loveliness and others of rugged grandeur.

A popular scientific description of the Turtle mountains has been given by Daniel E. Willard, A.M.; Fellow of the American Geological Society, former professor of geology, state agricultural college of North Dakota. He says:

The Turtle mountains plateau is a unique remnant of an older landscape of the continent of North America. It is located in approximately the centre of the continent, one half way between lake Superior and the Rocky mountains. It is crossed by the international boundary between the United States and Canada.

Owing to its unique location and to its geologic and geographic features it is a most fitting place for the location of the International Peace Garden. Its beauty as a natural garden at once impresses the observer. Its fitness to be the place of an international playground, and movement of international friendliness, and good-will becomes more apparent the more the natural features of its geological character are studied.

There is probably no accessible spot between the Atlantic and Pacific oceans that affords a more inviting and appropriate location for the International Peace Garden than does this natural beauty spot of the Turtle mountain.

The Turtle mountains are not mountains at all. The region is part of the great central plain of the continent. It is a plateau about 40 by 60 miles in extent lying in part in the United States and in part in Canada. Nature, in laying out the ground plan of the landscape of the continent did not give heed to political boundaries. It happens that the political boundary, between the United States and Canada, crosses this unique landscape feature.

Great valleys have been formed by the erosion of streams. Remnants of the original formations, that have not been carried away, remain as hills and plateaus. The Turtle mountain plateau is such a remnant. The great valley of the Souris or Mouse is on the west and north. The great Assinniboine basin is north. The Pembina, tributary of the Red river of the north, lies to the east and north. To the south is the great plain of the Devils lake region, sloping to the south, a part of the Shevenne drainage system. . . .

It is a natural garden. Stones—boulders—of every kind found in the formation to the north for hundreds of miles occur here in rich profusion, Granites, quartzets, porphyry, limestones, fragments of hard volcanic lavas, soft shales, in fact every variety of formation of which the earth is composed in the region extending to the west of Hudson's bay may be picked up here.

A rockery may some time adorn the garden or a geological museum made up of stones picked up in the immediate vicinity, that represent every geologic formation between the international boundary and the North Pole.

A more charming recreation ground would be hard to find. Places of greater interest to the geologist, the nature lover, are few. The lover of fish, birds and game will revel here. The land belongs to two great nations. It is open to the world. Nature made it a monument to peace and good will.

For the purposes of the garden, the province of Manitoba kindly agreed to donate to the association fifteen hundred acres of the Turtle mountain forest reserve, and the state of North Dakota agreed to purchase and donate an adjoining block of land of equal size. Following this a meeting of representatives of the sponsoring organizations and representatives was held at the Royal York hotel in Toronto on December 2, 1931. At that conference the state of North Dakota was represented by Dr. Charles McLachlan of San Haven, North Dakota, and the province of Manitoba by Hon. D. G. McKenzie, the Minister of Mines and Natural Resources. The two governments then formally donated to the international peace garden a tract of land in the Turtle mountains of over 3,000 acres, being an oblong block, three miles long by one-and-a-half miles wide.

The plans of the garden will be under the supervision of three expert horticulturists appointed by the American sponsoring body and three by the Canadian sponsoring body, and the actual carrying out of the plan will be under the supervision of the secretary who will reside at or near the garden.

May I say in passing that the official sponsoring organizations are:

For Canada—The Canadian Florists and Gardeners' Association.

For United States—The National Association of Gardeners.

Among the different organizations which have endorsed the project are the following in Canada:

1. The National Council of Women of Canada.
2. The Federated Women's Institutes of Canada.
3. The Canadian Florists and Gardeners' Association.
4. The Ontario Gardeners and Florists' Association.
5. The Manitoba Horticultural Association.
6. The Ontario Horticultural Association (80,000 members).
7. The Saskatchewan Horticultural Association.
8. The Ontario Women's Auxiliary to the Canadian Legion.
9. The Canadian Historical Society.
10. The United Farm Women of Saskatchewan.
11. The president of the Kiwanis clubs of Canada and several local clubs.
12. The Canadian Gladiolus Society.
13. The Rose Society of Ontario.
14. The United Church of Canada.
15. The Roman Catholic Church.
16. The Anglican Church of Canada.
17. The Salvation Army of Canada.
18. The Baptist Church of Canada.
19. The various local Rotary Clubs.
20. The Toronto Progress Club.
21. The Holy Blossom Synagogue (Hebrew) Toronto.
22. The Boy Scouts of Canada.
23. The Girl Guides of Canada.
24. The Toronto and District Labour Council.
25. The ornamental committee of the Canadian Horticultural Council.
26. Catholic Women's League.
27. The Manitoba government and opposition.
28. Various local chapters of the Imperial Order of the Daughters of the Empire.
29. The University of Manitoba.
30. There are also a large number of boards of trade, chambers of commerce, municipal councils, and other governing bodies.

Among the United States organizations which have endorsed the project are:

1. The National Association of Gardeners.
2. The Federated Business Women's clubs of the United States.
3. The Massachusettes Horticultural Society.
4. The garden clubs of America.
5. The New York Horticultural Society.
6. The American Orchid Society.
7. The American Rose Society.
8. The American Society of Landscape Architects.
9. The Boy Scouts of America.
10. The Campfire Girls.
11. The Lions Clubs.
12. The Florida Horticultural Society.

13. The North Dakota Rural Letter Carriers' Association.
14. The North Dakota Postmasters' Association.
15. The Yellowstone Highway Association.
16. The Mount Rushmore National Memorial Association.
17. The Canada-to-Canal Highway Association.
18. The Great Northern Railroad.
19. The Rapid Airlines Corporation.
20. The Magna Carta Day Association.
21. The imperial orders of the Daughters of the Empire of the United States.
22. The chambers of commerce of North Dakota, South Dakota and many other states.
23. The government of North Dakota.
24. The Department of Education, North Dakota.
25. The Department of Education, South Dakota.
26. The International Bird Banding Association.
27. Various boards of trade and municipal councils representing some 100 towns in the middle west and elsewhere.
28. The American Pigeon Society.
29. Churches of practically every denomination throughout the United States.

Nursery companies and individuals in many countries have promised to donate trees and shrubs and perennial flowering plants by way of having their native countries represented in the garden.

There will be rock gardens, wild flower sanctuaries, greenhouses for tender plants and trees, shrubs and flowers of all varieties and kinds. Many institutions have asked for the right to establish within the garden memorials to their respective associations including the Magna Carta Association, and many others.

Parents have donated money to have trees planted in the names of their girls and boys, and the Girl Guides of both countries have started a movement to have every company in the two countries provide money to plant a tree for each. The Boy Scout movement is also considering a similar idea for their association.

The garden will be a thing of beauty even as Kew Gardens, London.

There appears to be no lack of cooperation, and the nurserymen of North America and Europe have come forward in large numbers offering their assistance. It is hoped that the garden will be able to establish a standard for horticulture on this continent.

The location of the garden is an admirable one inasmuch as it is within thirty miles of the geographical centre of the North American continent, and is easily accessible from all directions.

From the south the garden may be approached by way of the Canada-to-Canal highway, otherwise known as the C. to C. highway, which is an international highway going south from Manitoba through the states of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas and the Pan-American republics of the Panama canal. It is the longest highway on this continent going north and south. Within the province of Manitoba it is located on provincial highway No. 25 which is a highway running directly south from the city of Brandon through Boissevain to the international peace garden, and this highway is linked up with the trans-Canada highway at Brandon, being provincial highway No. 1. It may also be approached from the east by provincial highways No. 1 and No. 2.

The international peace garden is approximately sixty miles south of the city of Brandon, and ten miles south of the town of Boissevain in the province of Manitoba, and ten miles north of the town of Dunseith in the state of North Dakota.

The organization behind the international peace garden is not one of any particular geographical location, but is a business organization which sprang from various centres on this continent, after four years of study and work, up until the present time, when it is actively sponsored by thousands of the leading citizens in Canada and the United States. The international peace garden is not concerned with either politics or religion, but draws its support from those of all creeds, political affiliations and races who believe in the commemoration of the great peace between the United States and Canada, by the creation on the international boundary of a beautiful garden, which on its completion will rival the Royal Botanic Gardens at Kew, England, or any other place in the world.

The international peace garden receives its financial support from public subscriptions obtained by its various sponsoring organizations throughout the United States and Canada. The objective is an endowment of five million dollars which when properly invested will yield an annual revenue large enough for perpetual maintenance. Of this amount the Canadian share is reckoned at one million dollars. No really active campaign has yet commenced, but contributions have been coming in from all over Canada to Sir John Aird, the Canadian treasurer, and to date in Canada alone over six thousand persons have contributed. Public schools throughout Canada have been taking a special interest in the project and school children have been permitted to contribute amounts of from five cents upwards and contributions have varied from that amount up to fifteen hundred dollars. Each contributor becomes a shareholder, and the names are to be recorded in

a permanent record book to be maintained within the garden. The land for the garden having been donated, and so many people having come forward, unasked to contribute, the committee anticipates no difficulty in being able to maintain the garden for an indefinite period of time.

The dedication of the international peace garden will be held on July 14, 1932, and to this dedication the world is invited. It is hoped that at the ceremony there will be present the Prime Minister of this country, or members of his cabinet, and the President of the United States, or members of his executive council, and leading representatives from the different governments, the different churches, and the leading societies of both countries. The arrangements for the dedication will be under the management of the International Peace Picnic Association which last year held a celebration at the site, at which some ten thousand people were present.

Legislation is now going through the legislatures of North Dakota and Manitoba to incorporate the international peace garden, and also to transfer to it fifteen hundred acres on each side of the international boundary or a total of three thousand acres, making up a block of land three miles long by one and one-half miles in width. Words cannot express the great feeling of thankfulness felt by the people of this continent to the government of the province of Manitoba and that of the state of North Dakota for the great confidence shown in this project by the magnificent gift to it of three thousand acres of land.

What I desire to point out to this house is that the international peace garden movement in reality commenced in 1928, and is sponsored and endorsed by leading citizens and societies in the United States and in Canada. I desire also to make it very clear that the site for the international peace garden was selected by horticultural experts appointed from the United States and Canada, and that a site was not chosen until 1931, after due deliberation and proper examination.

The international peace garden is not a government institution, but is rather what might be termed a foundation to commemorate peace administered by a business organization in accordance with the wishes of its shareholders.

The governments of Manitoba and North Dakota have shown their confidence in the project and its personnel by donating 3,000 acres, and the garden will be dedicated this year at a site which is in the Turtle mountains in practically the geographic centre of the North American continent, at a location which in the opinion of the experts is highly suitable for the purposes of the garden.

May I say in passing that the international peace garden should not be confused with the Waterton Glacier Peace park, about which this house may have heard something. The Waterton Glacier project is merely a change of name in connection with the national park now in existence, with the hope that by including the word "peace" tourists in large numbers may be brought to view its forests. The change in name does not include the creation of anything new, nor does it make the forest the property of the public, but is merely the advertising of an area which in its present form has been in existence as long as the continent, and which was formerly known as Glacier park and Waterton park.

An international peace garden has a value which is educational and symbolic and renders a material benefit to the two nations of this continent which cannot be over estimated.

In commemorating a peace of over one hundred years it invites a continuation of peaceful and friendly relationships without which there cannot be material progress. It encourages peace rather than war and breaks down the barriers of reserve and indifference. It tends to offset insidious and dangerous propaganda which may be engendered by vocal citizens on both sides of the border and helps to disarm hatred and prejudice.

There is nothing which can be compared to a garden as typifying peace, and there is no memorial as beautiful as one of trees, shrubs and flowers. Other memorials of stone and concrete there have been, but a garden becomes more beautiful and more symbolic as the years advance, and the more the visitors who come to this international peace garden the stronger the friendship between the two nations will become.

The garden will become an object lesson to the nations of Europe, pointing out that nations may live in peace as neighbours to the mutual benefit of each country.

In the past we have enjoyed the friendship and confidence of the American people, but it is always highly desirable that such a condition of affairs should be nurtured and strengthened, in order that founded upon the past a bond of everlasting friendship may be created for the future.

I think it highly proper at this point to draw to the attention of the house a part of the address delivered to this house by the Prime Minister on July 8, 1931, when speak-

ing on the Disarmament conference, as found on page 3552 of Hansard, he said:

The development of democracy depends upon the maintenance of peace. War is destructive of all democratic forms of government. The declaration that this country desires to maintain peace is not sufficient. It is idle to think that permanent and lasting peace can come in our time merely by our making declarations and speeches. We have passed in the house and elsewhere resolutions in favour of peace; we have become parties to treaties of arbitration, and we have joined with other nations in declaring that so far as we are concerned war is renounced as an instrument of national policy. But all these renunciations, all these declarations, all these resolutions in favour of arbitration and peaceful settlement of dispute, either by recourse to law in world courts or other peaceful means, are useless except to the extent that they influence people's minds to think in terms of peace. If we are to have peace we must have it by cultivating and maintaining the spirit of peace, not the spirit of war. A warlike spirit is not consistent with the maintenance of peace, and the spirit of peace is an attitude of mind that comes from continuous education. It is therefore useful that we should from time to time make declarations so that the youth of the country may see the glories of peace as distinguished from the heroic achievements of war.

No man who reads history, no one who is familiar with the growth of civilization and with the heroic achievements of men who have given their lives on battlefields in every part of the world for high principles and great causes, can fail to realize that their example has inspired generations in days gone by, and will continue to inspire noble achievements that are consistent with the courage and enterprise of our races. But in this age we realize that war on any scale is destructive, not only of the nations that engage in it, but of the world at large. There can be no war of any importance now that does not become general in its effects and influences. There can be no war in these days of scientific achievement in the use of poisonous gases, artillery, tanks and aerial warfare that is not fatal to the very development of civilization itself. We now realize that far from being a virtue war is the negation of all virtues and is destructive of the world's civilization. But in the face of all that has been said, as illustrating the point I desire to make, it will be found that to-day amongst European nations there are many men under arms; equipment is being provided for war; men are talking in terms of the next great conflict, as though we had not been at the world's Gethesmane.

How are we to bring about the end we have in mind? We must do it, as I have said, by creating the will to peace, which comes from continuous educational effort. . . .

No prairie fire of which we have ever heard could spread like the conflagration of military operations in communities divided only by imaginary lines. That being so, disarmament must be a world-wide state of mind.

This country in the northern half of this continent, this young democracy with its ten millions of people, freed from the horrors of all probability of war within its borders, its shores protected by the application of doctrines of an international character, has very little to disarm. . . .

I trust that the representations we will offer will not be unworthy of the great traditions of Canada in her struggle to maintain peace, in her belief in peaceful methods for the settlement of disputes, in her conviction that by recourse to judicial and arbitral methods the differences of peoples having been settled, the differences of nations may also be concluded.

The international peace garden will serve a great educational purpose in cultivating and maintaining the spirit of peace rather than the spirit of war, and is receiving the support of the people of this continent. Following the dedication on July 14 of this year, the garden will symbolize the hopes and aspirations of two great peoples who speak the same tongue, and who cherish the same ideas in regard to peace, and will be a perpetual reminder of the fact that there is a better way to settle international disputes than by recourse to war.

Mr. J. S. STEWART (Lethbridge): In order to meet the wishes of the committee I promise to be very brief indeed, Mr. Chairman, but as this bill relates to a part of the country which I have the honour to represent I feel it incumbent upon me to say a word or two on the subject.

The action now being taken is the first step on our part towards carrying out a contract made between this government and the government of a friendly country, the United States of America, for the establishment of an international peace park between Canada and the United States. About six weeks ago a bill was passed by congress and we are now carrying out our part of the contract as agreed to by the Department of External Affairs in a letter written under date of February 17 of this year, by Doctor Skelton, in which the United States were notified that if they would cooperate in creating this international peace park so far as Glacier park is concerned, Canada would reciprocate. The two parks lie adjacent to one another. There is in Canada possibly 225 square miles in the Waterton lakes district, and the Glacier national park in the United States comprises an area of 1,500 square miles. There is a common body of water between the two parks known as Waterton lakes. There are in these two parks two very fine hotels operated by the Great Northern railway. There is the Glacier hotel at Glacier station, and in Canada, at Waterton lakes a magnificent hotel which cost somewhere in the neighbourhood of $250,000 to build, known as the Prince of Wales hotel. The idea of having this known as an international peace park originated at a meeting of Rotarians held about a year ago at Waterton

lakes, attended by many representatives from the United States as well as from Alberta and other provinces of Canada. They decided to approach their respective governments and ask them to declare these two parks in the two countries an international peace park. As I say the bill has already passed congress and has been assented to, and we are now carrying out our part of the contract in the bill which is before the committee.

May I say that the opening celebration will be held on June 18 of this year, at which there will be present representatives from the United States and Canada and from many other parts of the world. There are gentlemen coming from England to take part in the celebration and speak on that occasion. The idea behind it all is to celebrate the one hundred years of peace, friendship and goodwill which have existed between the two countries. There will be four trains carrying the international Rotarians to their great meeting which will be held at Seattle, and these trains will be halted at Glacier station for six hours. The visitors will be transported to Canadian territory, and I would like to invite hon. gentlemen to take part in the celebration. I heartily commend to the committee the passage of this bill.

Hon. W. R. MOTHERWELL (Melville): When this bill was on the order paper for its first reading, it stood there for four or five weeks, halting, the government apparently not knowing what to do about it. I was wondering if the government was ever going to go forward with it.

Mr. BENNETT: It stood there awaiting the passing of the American bill.

Mr. MOTHERWELL: I think it awaited many other things besides that. Anyhow it is here now. It has been given its first and second readings and is now in committee of the whole, and I have not yet heard the sponsor of the bill say anything about it. I have no desire to put the Minister of the Interior in an awkward position, but I do not propose to have this bill go through in this somewhat clandestine fashion without my having something to say about it even if the minister won't.

I was associated with the Turtle mountain scheme, which was started four years ago, and as representing the prairies I was in favour of it. The people of Saskatchewan with no boundary line site as good, and the people of Manitoba, were behind it. A secretary was appointed in Toronto, by name Mr. Moore. He has been here comparatively recently and it was from him that I learned the probability of this Waterton scheme not being likely gone on with. But here I find it at this stage, in committee of the whole, and the minister has not said a word about it.

Some hon. MEMBERS: Oh yes he did.

Mr. MOTHERWELL: At what stage?

Mr. MURPHY: On the introduction of the bill.

Mr. MOTHERWELL: Let us hear some more about it, then, as the explanation on the first reading is generally pretty slim.

Mr. MURPHY: I was just trying to be courteous to the hon. member.

Mr. MOTHERWELL: I am trying to be courteous to the hon. minister, and I want to give him the opportunity to say something more now on this bill. I have some material in my room and I hope to keep this discussion going until eleven o'clock so that I may get my memory freshened up by consulting my material. I had no idea that this was going to be gone ahead with at all. I am very much concerned about it. I saw the peace arch south of Vancouver some years ago, and it is a very beautiful representation of peace between the two countries. I believe in that kind of thing. I believe in both symbolizing and living the peace, but I do not believe in having a scrap among the Canadian provinces for the sake of peace between part of Canada and part of the United States, and that is what my hon. friend the minister is provoking by this bill. You cannot have the whole boundary line seeded down with peace parks, gardens and arches. If you are going to have one peace park in Alberta you will kill the Turtle mountain scheme, and if you are going to have the Turtle mountain scheme it will probably hurt the Alberta scheme. You cannot have and maintain the two as at present constituted. That is the situation as I see it. I did not make any contribution towards the Turtle mountain scheme except to lend it my moral support, and I am going to continue to lend it my moral support, and possibly go a little further at a later stage. I am familiar with the site at Turtle mountain. It was one of the first places I went to in 1881 when there was very little settlement, and I know something of its suitability for a park. The establishment of that park has been under way for four years.

I would also point out that these park names are very similar; no provincial secretary's department would issue charters with two names so similar, but inasmuch as this is a federal bill

and Manitoba's is a provincial one, it means that there is evidently no law restraining plagiarism in the matter of names as between the dominion and provinces.

Mr. MURPHY: If my hon. friend will allow me—

Mr. MOTHERWELL: I want my hon. friend to get up and help me kill a little time until eleven o'clock.

Mr. MURPHY: The area in the Turtle mountains was not set aside or named in a bill by the provincial government. They simply donated the area, but there was no bill passed.

Mr. MOTHERWELL: No bill was passed by the Manitoba legislature with respect to it?

Mr. MURPHY: No, the area was set aside as an area which could be used for the purpose.

Mr. MOTHERWELL: The Manitoba government certainly got behind it and took some action, whether by way of issuing a charter for a company or by means of a bill or order in council I do not know, but at all events the Manitoba government sponsored the scheme. The state of Dakota did the same, and congress passed a bill with respect to certain school lands, thus sanctioning this peace garden. All the preliminaries necessary for the establishment of the Turtle mountain peace garden were started four years ago before this other scheme was ever heard of, or three and a half years ago at all events. If this is an evidence of my hon. friend's idea of peace among ourselves, I do not think very much of it. I do not see how under the present financial conditions of the country we are going to build two peace gardens, much less maintain them after they are built. I can quite understand the position of my hon. friend from Lethbridge and of the Prime Minister, who made a slight interjection a moment or so ago. Now that the thing has got going to this extent, they feel obligated to get behind it, but I am sure that they must both wish it was in Jericho or at the bottom of the sea; for they have to take a stand on it just as I have to do, and the Minister of the Interior also. My standpoint as a member of the opposition does not amount to very much, but as a citizen of the prairies who wants to see one of these schemes go ahead I object to trying to go ahead with two, with the strong probability of at least one of them falling down. That is what is likely to happen, during such times as these at least. I should like to see an arch on the prairie, something like the one south of Vancouver. Some few years ago I had the opportunity of motoring in that vicinity and saw the peace arch there erected. I was then impressed with three obvious facts: First, it takes money to build an arch, second, it takes a considerable amount of ground, and third, it takes a lot of money to maintain it. I imagine that will be the experience with all the parks on our southern boundary with which the government are connected. There is no doubt that when the two prairie parks proposed are in a state of completion, if they both get that far, large sums of money will be required for their maintenance.

In my view it is wrong to present a bill such as the one now before us, the title of which is so much similar to the other one that the people are being deceived. They are confusing the two. The provinces have always held that they were justified in refusing to issue a charter to a company the name of which is so much like that of another that it may lead to deception, so that people may not know which from t'other or one from the other. I take it that spirit should be reflected in this bill, and nobody is familiar with that fact more than the Prime Minister. On the other hand I quite appreciate his position. I expect this is a Calgary show.

An hon. MEMBER: Oh no.

Mr. MOTHERWELL: It is an Alberta show, then.

An hon. MEMBER: A stampede.

Mr. MOTHERWELL: A duplication of peace gardens is most unfortunate. Certainly I should like to hear the Prime Minister speak at this time, because I should like some enlightenment. It is my desire to represent the people in Saskatchewan who are behind the Turtle mountain peace garden. They believed that there would be only one such boundary garden, and were quite agreed to have it at Turtle mountain. Along her boundary line Saskatchewan has no such advantageous location. There is no place from a prairie standpoint between the Rocky mountains and Winnipeg which would afford anything like the suitability of the Turtle mountain district. That is the reason I favoured the project and was absolutely shocked when I learned that this bill was on the order paper. I was not at all surprised when the Minister of the Interior hesitated to promote it any further. However, now that he is proceeding with the legislation I expect he will give us

an explanation. If he will speak I shall immediately sit down, because I am very much concerned in his statement. Probably he would elevate his voice to an audible pitch so that I may have a better opportunity to hear him.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: No, it is not carried.

Hon. T. G. MURPHY (Minister of the Interior): Mr. Chairman, those who have already spoken—and I refer particularly to the first two speakers—have described the areas in which it is proposed to locate in one a peace garden and the other in which there is a national park. It is not necessary for me to recapitulate their statements. Suffice it to say that the peace garden idea was started voluntarily about four years ago by organizations in Canada and the United States known as horticultural societies. The meeting at which the project took definite form so far as Canadian participation is concerned, was at the city of Toronto, on Canadian soil. Since that time the work in Canada has been carried on voluntarily. Certain moneys have been raised and promises of contributions made. At this point may I say that I consider it was a very worthy idea indeed. The location of the peace garden was not at first decided upon. A committee was formed which, acting in conjunction with a similar organization in the United States, was to select a position along the international boundary line at which this garden could be located. Eventually the Turtle mountain site was selected. The government of Manitoba set aside an area in a forest reserve, and the state of North Dakota set aside an area in that state immediately adjoining along the boundary line. Recently the United States congress passed legislation by which certain school lands were added to the area in North Dakota. So much for the peace garden.

For a number of years there has been in southern Alberta an area known as Waterton park. Immediately across the boundary in the United States is an area in the state of Montana known as Glacier park. So far as natural beauty, scenery and facilities are concerned these two areas virtually form one park. The idea now is simply to name that area the Waterton Glacier International Peace Park. The hon. member for Melville is mistaken when he states that the setting up of this area will entail great expense. If he so believes he is badly misinformed, because no expense whatsoever is involved in this measure. These areas will continue to be administered by the respective governments as they have been in the past, and throughout the years moneys have been spent to develop the two areas, namely, Waterton park in Canada and Glacier park in the United States. This bill is introduced for only one purpose, namely to give an international name to the two areas.

In addition to these projects there are other monuments situated along the international boundary line, namely the peace arch on the international boundary between White Rock, British Columbia, and Blaine, Washington. And then, further, there is the international peace bridge which connects—

The CHAIRMAN: Order. It is now eleven o'clock.

Mr. MURPHY: What about the eleven o'clock rule?

Mr. RHEAUME: Go on.

Mr. LAPOINTE: It is eleven o'clock.

Mr. MOTHERWELL: Yes, eleven o'clock is striking.

The CHAIRMAN: I have to report progress.

Mr. RHEAUME: No, let us go on.

The CHAIRMAN: I have to report progress.

Mr. MURPHY: Very well; I move that the committee rise and report progress.

Mr. LAPOINTE: Could we take up something else?

Progress reported.

Mr. SPEAKER: When shall the committee have leave to sit again?

Some hon. MEMBERS: This day.

Mr. BENNETT: This day. Mr. Speaker, if there is general consent in the house, and the shorthand writers are not too tired, we might dispense with the eleven o'clock closing rule for at least twenty-five or thirty minutes. If that is the will of the house I would move accordingly.

Mr. SPEAKER: Mr. Bennett moves, seconded by Mr. Guthrie, that the house do not now adjourn.

Mr. BENNETT: No, that the eleven o'clock rule be suspended.

Some hon. MEMBERS: Carried.

Mr. COOTE: Mr. Speaker, how long do you wish to sit?

Mr. YOUNG: Twenty-five minutes.

Mr. BENNETT: Whatever may be the judgment of the house. If the house desires to sit for only thirty minutes, well and good; if it desires to sit until twelve o'clock I am content. It rests entirely with the house; if the house does not consent I shall not ask the house to sit.

Mr. MACKENZIE KING: May I ask if it is the intention of the Prime Minister to go on with the bill we have been discussing, or to proceed with something else?

Mr. BENNETT: I had intended to proceed with the bill.

Mr. MACKENZIE KING: I imagine we will make more progress if we proceed with something else.

WAYS AND MEANS

SPECIAL WAR REVENUE ACT AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved that the speaker do now leave the chair for the house to resolve itself into committee of ways and means.

Mr. SPEAKER: Carried.

Mr. COOTE: Before you leave the chair, Mr. Speaker, I want to say that if this house cannot make progress—

Mr. SPEAKER: The motion was declared carried without a dissenting voice.

Mr. COOTE: I was trying to attract your attention when the motion was being put. I want to protest against Mr. Speaker reading motions and declaring them carried without looking to see whether or not any hon. member desires to speak to the motion.

Mr. SPEAKER: The motion is carried and the house is in committee.

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

6. (i) That the rate of consumption or sales tax as imposed by section eighty-six of the said act, as amended by section eleven of chapter 54 of the statutes of 1931, be increased to six per cent.

(ii) That the following words be removed from the list of articles exempt from the consumption or sales tax set out in schedule III to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say:—

"Bakers' cake and pies, not to include biscuits;" "and substitutes therefor" in line seven of the said schedule; "lard compound and similar substances, made from animal or vegetable stearine or oils;" "materials for use solely in the manufacture of any substitute for butter or lard;" "extract of rennet;" "ice cream;" "usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax;" "materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax."

Also under the heading "Goods Enumerated in Customs Tariff Items;" the following figures and words, namely;—

"45. Milk foods, n.o.p.; prepared cereal foods, in packages not exceeding twenty-five pounds weight each;"

"46. Prepared cereal foods, n.o.p.;"

And that the word "lard" where it first appears in line eight of the said schedule be struck out and the words "lard, when produced in Canada" be substituted.

(iii) That the following words be inserted in the said schedule:—

"All articles manufactured or produced by the labour of the blind in institutions established for their care or under the control or direction of such institutions."

(iv) That the following words be removed from the list of articles exempt to the extent of fifty per cent of the consumption or sales tax set out in schedule IV to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say:—

"Biscuits of all kinds."

Mr. BROWN: In regard to this matter of coverings, I have a letter from a man interested in the production of honey, and I should like an explanation from the minister.

Mr. RHODES: If my hon. friend will permit me, I can anticipate what he is going to say by advising him that while the resolution will remain we will propose an amendment to the bill founded upon the resolution which will eliminate the usual coverings from the six per cent sales tax.

Mr. BROWN: That would include honey containers?

Mr. RHODES: Yes, all containers.

Mr. CAYLEY: Including cheese boxes?

Mr. RHODES: Yes.

Mr. VENIOT: Does that include salt?

Mr. RHODES: Yes.

Mr. TOTZKE: Would that include flour sacks?

Mr. RHODES: Yes.

Mr. COOTE: I should like to ask hon. members in the far corner to speak up so that we may hear them.

Mr. RHODES: The question was with respect to usual coverings, and I advised the hon. member for Lisgar that when the bill is introduced, founded upon this resolution, it will contain a provision which will eliminate usual coverings from the operation of the sales tax.

Mr. VENIOT: You will put it back where it was before?

Mr. RHODES: Yes.

Mr. NEILL: Does that include tins for salmon?

Mr. RHODES: Yes.

Mr. CAYLEY: Will the minister tell the committee if it is intended to change the tax on ice cream in any way?

Mr. RHODES: No, there is no intention of changing the tax on ice cream.

Mr. BROWN: Will the minister leave ice cream subject to the tax?

Mr. RHODES: Yes, ice cream will be subject to the tax.

Mr. BROWN: That is another burden laid upon the farmer.

Mr. RHODES: I do not subscribe to that point of view at all. This tax is levied upon a processed food, and it should be borne either by the manufacturer or by the consumer or both. There is no reason why the farmer should have to pay it at all.

Mr. CAYLEY: Would the minister explain how he intends to collect this ice cream tax?

Mr. RHODES: From the manufacturer.

Mr. CAYLEY: I understand there may be some difficulty in collecting it because the invoice price will differ in various cases.

Mr. RHODES: I am advised by officials of the Department of National Revenue that there will be no more difficulty in administering the collection of this tax than there has been in the case of other sales taxes.

Mr. CAYLEY: But I was thinking of a case where ice cream might be bought from one manufacturer for perhaps 90 cents a gallon; other ice cream, with other services, might sell at $1 or $1.25, while if the ice cream is put in one of these frigidaires, together with certain other services, it might cost still more. The invoice price would not be a constant quantity; it would be variable.

Mr. RHODES: The tax would be imposed upon the selling price of the manufacturer, and not upon the price referred to by my hon. friend.

Mr. MacLEAN (Prince): I believe very strong protests have been coming in, have they not?

[Mr. Veniot.]

Mr. RHODES: I have some amendments to move. I move that paragraph 6 of the resolution be amended by adding thereto the following subsection:

That the following words be inserted in the said schedule III: "baker's cake and pies when produced by any one manufacturer or producer to the value of not more than $5,000 in any one calendar year."

The object is to exempt these to the extent of $5,000 in the case of all manufacturers who produce in quantities less than the sum mentioned. They pay no tax, but those who produce in quantities greater pay a tax.

Mr. MacLEAN: Does that include biscuits?

Mr. RHODES: No.

Amendment agreed to.

Mr. RHODES: I have an amendment with respect to articles manufactured by the blind. We put these in the fully exempted list, but we find that this would work unfairly. In the manufacture of many commodities, I know that certain manufacturers are themselves employers of blind people, people who would otherwise be thrown out of work if the competition became very keen, as would likely happen should the full exemption of six per cent obtain. It is proposed that instead of giving them the full exemption of six per cent we put them in the half list. That would give them a preference over goods manufactured in the ordinary way, but at the same time it would not make the competition so unfair as to preclude a reasonable opportunity for manufacturers to conduct their business in the ordinary course. The amendment is that the following words be inserted in schedule IV:

All articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

Notice having been given in the budget resolutions of the intention to exempt totally from the sales tax articles manufactured by the blind, provision will be inserted in the bill whereby such articles will be exempted from April 7 up to and including May 23, after which date, in accordance with the amending resolutions, these goods will bear the half rate of three per cent. I will ask my colleague to move the amendment.

Mr. RYCKMAN moved:

That subsection (iii) of paragraph 6 of the resolution of April 6, 1932, to amend the Special War Revenue Act, be struck out and the following substituted therefor:

"(iii) That the following words be inserted in schedule IV: 'all articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.' "

Amendment agreed to.

Mr. RHODES: I have another amendment, that paragraph 6, subsection (ii) of the resolution of April 6, 1932, to amend the Special War Revenue Act, be amended by adding thereto the following words:

That the words oatmeal, rolled oats, cornmeal, rolled wheat, be deleted and that there be inserted in lieu thereof: "oatmeal, rolled oats, cornmeal and rolled wheat when in packages exceeding five pounds each in weight"; and that the words "bran, shorts, middlings" be deleted and that there be inserted in lieu thereof the words "shorts, bran and middlings when for use as cattle, hog, poultry or other stock feed, or when sold for human consumption in packages exceeding five pounds each in weight."

The effect will be to place a tax on all processed foods uniformly, in the case of packaged foods, but all these commodities in bulk or quantities over five pounds in weight are tax free.

Mr. MacLEAN: Has the minister considered the request of silver fox ranchers with regard to biscuits used for the feeding of these animals? It is only fair to exempt them when other foods for animals are exempted.

Mr. RHODES: We have arranged in the bill which is based on the resolution to place fox food in the category of cattle foods, and therefore they will be exempt.

Mr. MacLEAN: Thanks very much.

Mr. CAYLEY: What revenue is expected from the tax on ice cream?

Mr. RHODES: Six hundred thousand dollars.

Mr. COOTE: The minister has enumerated certain cereals. Were they taxed in the old act?

Mr. RHODES: They were taxed until 1924. My hon. friend understands that we are taxing only packaged processed foods and not essential foods. Bran, shorts and middlings in bulk are not taxed.

Mr. KENNEDY (Winnipeg): Does the exemption apply to those articles in packages over five pounds?

Mr. RHODES: Over five pounds they are not subject to the tax.

Mr. COOTE: I am not quite clear on that. Would rolled oats in a package or sack of five pounds or less be taxable, or rolled oats sold by a grocer out of a barrel in less than five pounds?

Mr. RHODES: If they were sold out of the barrel they would not be subject to the tax. The idea is to tax the processed and fancy named foods which are sold in package form.

Mr. COOTE: The bulk of the rolled oats sold to-day is sold in small sacks. I do not know what the size of the sack is, but this is one of the staple foods.

Mr. RHODES: My hon. friend realizes that this tax is imposed on the manufacturer at the source; that is where it is paid. If a purchaser goes to a grocery shop and wants to buy the foods in packages, he must pay the tax.

Mr. COOTE: Whether this tax is paid by the manufacturer or by the retailer, in the end the purchaser must pay. I think it is a mistake to put a tax on cereals, which is one of the staple foods of the people.

Mr. RHODES: If the individual desires to buy in bulk or from bulk he does not pay the tax, but if he insists upon purchasing packaged food in packages of less than five pounds weight, he must be prepared to pay for a commodity upon which the manufacturer has paid a sales tax.

Mr. COOTE: The majority of people have not money enough to buy in bulk. The only way they can buy is in small packages.

Mr. SPENCER: They have acquired a bad habit.

Mr. STEVENS: They can get it in bulk for half price.

Mr. COOTE: In some places they cannot buy in bulk.

Paragraph agreed to.

7. That the special excise tax on imports imposed by section eighty-eight of the said act, as enacted by section fourteen of chapter 54 of the statutes of 1931, be increased to three per cent.

Mr. NEILL: Is the minister going to propose any more amendments?

Mr. RHODES: There are a number of amendments which will appear in the bill; for instance salt for use by deep sea fishermen.

An hon. MEMBER: A new budget.

Mr. RHODES: The bill will exempt from the sales tax salt used in the sea and gulf fisheries.

Mr. POWER: Is the minister considering the question of an excise tax on lumber?

Mr. RHODES: That will be exempted under the bill. The exemption will apply also to fibres and there will be a provision to exempt from the excise tax animals for the improvement of stock.

Mr. COOTE: Are barrels to be exempt?

Mr. RHODES: Perhaps my hon. friend did not hear me; I told him that the bill will provide for the deletion of the tax upon all containers.

Mr. VENIOT: In connection with salt, does the minister refer to the excise or sales tax?

Mr. RHODES: The sales tax.

Mr. MACKENZIE KING: Does the minister agree with his colleague the Minister of National Revenue (Mr. Ryckman), who has been moving the various amendments, that this special excise tax is really a customs tax?

Mr. RHODES: I do not know that any good purpose can be served by discussing names. My right hon. friend knows that it is a tax applied for the specific purpose of raising revenue, and to that extent at least it is distinguished from a tax imposed as a customs tax. It is purely a revenue tax of a special character as distinguished from an ordinary tariff. I am not disposed to quarrel at all with my right hon. friend as far as the name is concerned.

Mr. MACKENZIE KING: What revenue does the minister expect to derive from this three per cent tax?

Mr. RHODES: The estimate is that we will derive a revenue of $5,500,000 for each one per cent, so that this tax ought to bring in $16,500,000.

Mr. MACKENZIE KING: Am I right in assuming that this tax is to apply on the value for duty purposes, and that as a matter of fact it comes nearer to being a tax of four per cent than it does to being one of three per cent?

Mr. RHODES: The tax applies on the duty paid value, but I think it is a tax of three per cent rather than four per cent.

Mr. MACKENZIE KING: The average rate on dutiable goods is about thirty per cent, and when the value for duty purposes is taken into account the rate runs higher.

[Mr. Rhodes.]

Mr. RHODES: The value for duty purposes would be applicable only to a very limited number of articles, so I do not think it would have any appreciable bearing upon the amount.

Mr. MACKENZIE KING: Will not the effect of this tax be further to restrict trade rather than to encourage it in such a way as to increase the revenue?

Mr. RHODES: That is a moot question. I think it follows that to the extent that the duty is raised you make it a little more difficult for the hurdle to be jumped. The fact is that we need revenue and must seek it in every available way, and it was felt that under the circumstances this was a desirable method.

Mr. MACKENZIE KING: As I understood the Prime Minister a day or two ago, he intimated quite frankly that the present duties were intended to be prohibitive.

Mr. BENNETT: When did he say that? Show me that.

Mr. MACKENZIE KING: I shall be pleased to look it up. I certainly got the impression and I think the house did, that the duties had been put at a certain point avowedly for the purpose of restricting trade.

Mr. BENNETT: Restricting, not prohibiting.

Mr. MACKENZIE KING: They were at a point which in many cases was prohibitive, and I think that was quite frankly stated. At any rate we know that in many cases the present rate is prohibitive and how a further duty of three per cent is going to bring in revenue to the administration is a conundrum.

Mr. RHODES: I think it is fair to say that all taxation takes a toll of business; it is a drain upon business as it is upon the purse. I do not think we can get very far by discussing this phase of it. It seems to me that the important question is, first, that we must have the money, and, second, we must find the best way to get it with the least detriment to business and with the least possible burden upon those who pay the tax.

Mr. MACKENZIE KING: May I ask the minister whether the purpose of this tax is not part of the bargaining paraphernalia of the ministry in connection with the forthcoming conference? Is it not intended to assist the administration in bargaining?

Mr. RHODES: No. The right hon. gentleman will recall that the tax was imposed in the first instance over a year ago as a one per cent tax. It is purely a revenue tax and has reference to nothing else but revenue.

Mr. DONNELLY: If I buy goods in the United States to the value of $100 American money, they would be worth $110 in Canadian money, our dollar being at a discount. Would I have to pay this tax on the $100 or the $110?

Mr. RHODES: It would be paid upon the invoice value of the goods in Canadian dollars.

Mr. MACKENZIE KING: Does the minister not think that in connection with the forthcoming conference it would be a helpful gesture to decide at once to abolish this tax so far as trade within the empire is concerned, indicating that the government's real desire is trade within the empire? Has the ministry considered that, or would the minister be prepared to make a statement before parliament prorogues?

Mr. RHODES: I think that the representatives of the other British nations will be the first to realize our necessities and recognize that this tax is a tax for revenue purposes only.

Mr. MACKENZIE KING: I cannot altogether agree with my hon. friend. Great Britain, for example, with whom we shall be chiefly negotiating, recognizing our necessities and, I believe, the need of our scouring markets in that country, has imposed practically no duties against Canada. In November next the new British tariff becomes applicable to the dominions unless in the interval by way of negotiation something is arrived at which will encourage trade. My point is that it would be a helpful indication of the government's attitude and a real encouragement of trade within the empire if an announcement were at once made by the minister that this three per cent excise tax would not apply against goods entering Canada from the other parts of the empire. Moreover it would be adopting towards Great Britain an attitude similar to that which she is adopting towards Canada.

Mr. RHODES: My answer to that is this: We have been giving a preference to Great Britain for a quarter of a century. So far as this excise tax on imports is concerned, it is applicable to the whole world, including the British dominions. Therefore we are in precisely the same position with respect to the preference as we were before the imposition of this tax. As regards its bearing upon interdominion trade, it may be a subject for discussion, but, if so, it would be a subject for the conference. It is not one upon which it would be wise or seemly for us to make an announcement in advance.

Mr. MACKENZIE KING: The preference with Great Britain is by no means what it has hitherto been. As my hon. friend knows, the first action on the part of the new Conservative administration was to raise the duty against Britain as well as against other parts of the world, and the preference was made distinctly less than it had previously been. It is not to-day anything like what it was in 1930. That, I think, is true so far as the preference to Britain is concerned. However, if it is preferences within the empire we are talking about, here is a real opportunity for Canada to show that she wants to encourage trade within the empire, by saying that, while she now has a tax that relates to the whole world, as respects trade within the empire she will not apply this three per cent impost. If my hon. friend is anxious to proceed along the lines on which Britain has set the example with respect to trade with Canada, he would consider that suggestion very carefully.

My hon. friend speaks about our having given Britain the preference. That preference has been as much of an advantage to Canada as to Great Britain. The idea that the only country which benefits by a preference is the one that sells and not the one that buys, is a mistake. No trade would ensue at all unless the arrangement were beneficial both ways. Trade in itself is exchange, and exchange in itself is valuable or it would not take place. It is wrong to argue that because we have given Britain the preference, she has been the only one to gain an advantage. We have gained because we have procured from Great Britain commodities we desired at a rate at which it would not have been possible to obtain them had the preference not existed. We have also another benefit because of the preference; we have been able to keep down the cost of living and some of the costs of production, and thus have helped our producers in the great basic industries, and have, in regard to our great export production, been better able to compete and hold our own in foreign markets. The preference, therefore, has been as much of a benefit from the Canadian point of view as it has been from the British point of view.

It should also be noted in this connection that, after all, Britain has not for the most part imposed any tax against us. She has given us in her markets the same opportunities as have her own producers or manufacturers. That is a large concession, very different from that which we give Great Britain, whose goods are taxed before they come into this country at all. All these points are matters of importance, particularly on the eve of a conference.

I again would suggest to the minister that he make some gesture showing that we wish

to trade within the empire, instead of making such trade more difficult as he is doing by the proposed three per cent tax. This tax, indeed, may be the means of entirely shutting out some British goods, especially when it comes on top of existing tariffs. As a preliminary to the conference, it would be an admirable step, just now when the minister is proceeding with his bill, to have it so amended that the three per cent tax will not apply to commodities coming from different parts of the British Empire.

Mr. RHODES: I cannot agree with my right hon. friend when he says that the people of the mother country have granted us a concession permitting us to trade with them on the same basis as they have allowed the whole world to trade with them.

Mr. MACKENZIE KING: Not a concession. We have been in a favoured position in the British market in that we have been able to sell our goods on exactly the same basis as has the British producer or manufacturer. There has been no handicap of a tariff, except in a limited way, over which our commodities have had to pass before entering the British market.

Mr. RHODES: That is not what my hon. friend said before. He may not have said then what he intended to say, but he said something about a concession having been granted to Canada and not to another country.

Mr. MACKENZIE KING: I was speaking only in relation to trade between Canada and Great Britain.

Mr. RHODES: When I spoke of our having given Great Britain a preference for a quarter of a century, I was not for a moment attempting to weigh the question of advantage to one side or the other, nor had I that in mind. I was dealing with the mere fact that there had been for that period of time a preference in this market to the mother country which we did not give to countries outside the empire. It may be that this three per cent tax is some handicap to business, but I submit that the people of the mother country, with the fairness which has always characterized them, would be the first to concede that it is purely a revenue-producing measure. My right hon. friend has suggested that, as a gesture prior to the conference, we might eliminate the three per cent tax in favour of the importation of British goods. Apart altogether from the wisdom of taking a step in advance of a conference where these questions should be a matter of discussion, let me point this out to my right hon. friend: If we did that, to the extent that we failed as a result to derive revenue—and we would lose revenue to a very substantial sum—to that extent we would have to impose additional taxation upon the people of Canada to make up the difference. Wherever the money comes from, we must have a certain revenue and it remains to be determined what avenues we should pursue in obtaining it. From that point of view I do not subscribe to the suggestion of my right hon. friend that it would be the part of wisdom for us to take the action he suggests. That is only my view, but I have it clearly in mind that that is the position which would appeal to the sense of fairness and justice of the British people.

Mr. MACKENZIE KING: I do not wish to prolong the debate on this point; on the other hand I do not wish the minister to run away with the idea that he is going to secure revenue by adding a tax which, when placed upon the present tax, will have the effect of practically prohibiting trade. As our tax against Great Britain stands at the moment, there is very little preference left. A preference given to Great Britain means nothing unless the actual rate of taxation allows some British goods to enter this country. The rate of taxation with respect to most British goods, particularly with this three per cent added, will be prohibitory, and, to the extent that it is prohibitory, the minister will derive no benefit whatever. With this three per cent tax off, a little trade might trickle in, and to that extent there would be some revenue, so that it would be helping both the revenue and conference to take the step I suggest.

Mr. YOUNG: I think if the minister would study this question carefully he would agree that the leader of the opposition was right when he said that this tax would work out closer to four per cent than three per cent because it is levied on the duty paid value of the goods. In fact, in cases where the duty has been raised one hundred per cent, it will work out to as much as six per cent.

In an unguarded moment the minister referred to this tax as a duty. I am not going to quarrel with him over the name, but it has all the earmarks of a duty and it works like a duty; that is, it is imposed on all goods coming through the customs.

Mr. COOTE: When is a duty not a duty?

Mr. YOUNG: When you can evade it.

Mr. RHODES: When it is an excise tax on imports.

Mr. YOUNG: It will raise the price in Canada on all imports entering the country, and by that same act you notify Canadian producers of similar goods to increase their prices by a like amount. In the short session of 1930 the minister's leader brought in certain amendments to the tariff increasing the duty on a great number of articles, but before doing so he extracted from the Canadian producers of those articles a promise that they would not take advantage of the tariff to increase their domestic prices. The question I would ask the Minister of Finance is this: Has he obtained any similar assurances from Canadian manufacturers that they will not take advantage of this duty, or tax, if you wish to call it that, to increase their prices in the same proportion?

Mr. RHODES: My right hon. leader extracted that promise in connection with amendments to the tariff from manufacturers producing the goods in question. He would not contemplate going hat in hand to the manufacturers of this country and consulting them as to whether it would be competent for the government to raise by way of taxation certain sums of money which the government needs. I may say in reply to my hon. friend that certainly I did not consult the manufacturers prior to suggesting an increase in the excise tax on imports by this two per cent. My hon. friend may be right but I can say to him that up to the moment I have not had any indication from any quarter that the price of goods has been increased by the manufacturers in consequence of the application of this increase in the tax from one to three per cent.

Mr. YOUNG: At least the manufacturers have not been asked to give any assurance that they would not increase their prices. I take it then, that calling this tax an excise tax instead of a duty will be acceptable to the manufacturers, because it will absolve them from the promise they made that they would not take advantage of any increase in the tariff to increase their prices. Let us see how that will work out. They have the right, without violating any promise, to take full advantage of the situation. The figures I am going to give I am giving from memory, but I believe that they are substantially correct.

The minister told us that this tax would yield $5,500,000 at one per cent. It figures out at $16,500,000 at three per cent, and at not more than $20,000,000 at four per cent, as the revenue expected by the minister. We produced in Canada last year some $2,947,000,000 of manufactured goods, of which we exported something like $475,000,000, leaving about $2,500,000,000, of Canadian produced manufactured goods to be consumed in this country. If our manufacturers under this arrangement have the right to increase their prices three or four per cent on all these goods it will give them the opportunity to collect from the people of this country something like $100,000,000 in addition to what the minister is collecting in revenue. I do not think that they will go to that extent, but I believe that they will go half that far and take $50,000,000 out of the pockets of the people of this country and put it into their own coffers, and my hon. friend gets $16,000,000 or $20,000,000. Is that good business, I ask, in view of the present financial situation in this country?

Mr. RHODES: My answer would be that if the facts were anything approaching the imaginings of my hon. friend from Weyburn it would be very bad business, but I cannot subscribe to the accuracy of anything like the fantastic figures he has just given.

Mr. YOUNG: The figures are not fantastic.

Mr. RHODES: I cannot add to what I said before. I know of no instance where there has been an increase in price due to this tax.

Mr. YOUNG: You have not heard of it yet.

Mr. RHODES: I would be very much surprised if we did hear of such a thing.

Mr. CAYLEY: This is what you would call a depression tax to increase the revenue.

Mr. RHODES: Purely a revenue tax.

Mr. CAYLEY: A hard times tax, and if hard times continue will the tax go up again next year?

Mr. RHODES: My hon. friend knows that he cannot expect an answer to that question. We can hope that the times will improve and that it may be possible to reduce it. That is the more hopeful outlook.

Mr. CAYLEY: We will hope for the best.

Mr. COOTE: I think this is an appropriate time for me to say that this is a bad tax. At a time when business is so badly depressed as it is at present, it is certainly a mistake to hamper it with these increased sales and excise taxes, and I would suggest to the minister that

before he brings in another budget he seriously consider getting his taxes where the money exists.

Some hon. MEMBERS: Where is that?

Mr. COOTE: From the incomes of the millionaires of this country.

Mr. CASGRAIN: There aren't any more.

Mr. SPEAKMAN: I understand, Mr. Chairman, that this is purely a revenue tax. While we do not call it a duty, it being levied on all imported goods, nevertheless it has all the features of a duty, and it is applied to the duty paid value of the goods. During the last two years the revenue from customs has been steadily decreasing in spite of the increase in the rates of the tariff. That has been due, of course, partly to the decreased value of the goods, the decrease in their dollar value, and partly to general business conditions throughout the world. There is no question that it is also due in part to the restricting effect of increased tariffs. This tax will of course, increase that restricting effect, and the question in my mind is, to what extent will this additional duty—for we may as well call it by its proper name—further restrict our trade and so reduce our revenue, or to what extent will it bear out the minister's anticipations of increased revenue? There is a point beyond which tariffs cease to be revenue producing, and I am very much afraid that the tariff on many articles which are now paying a high rate of duty will, with this added duty, have reached that point, and will cease to realize anything like the revenue which the minister anticipates.

In reply to the leader of the opposition, who suggested that this tax might be removed from goods imported from Great Britain or elsewhere throughout the empire, the Minister of Finance replied that if we did this, it being a revenue producing tax, it would necessitate taxing our own people more heavily in order to make up the deficit, as we require a certain amount of revenue in any case. To what extent, again, does the minister believe that taxes of that kind are paid by anybody else than our own people? So far as I am concerned, and I am not a fanatic, I have never seen the time when an increased price upon goods imported and sold in this country, whether that increased price was brought about by the tariff or by a sales or excise tax, was not paid by the purchasers of the goods, they being our own people. Therefore I cannot very well see what difference it makes to our own people whether we pay a tax upon goods we buy from Great Britain or whether we pay it on some other articles. We pay it in any case. I am a good enough Canadian to hope that our revenues will be increased. I am not anxious to see revenues decrease; my hope would be to the contrary. I am just Scotch enough, however, to say that I ha'e me doots.

Mr. STEWART (Edmonton): I should like to see my hon. friends carry out to the fullest extent their theory that tariffs will increase prosperity in Canada. Certainly they are giving it a real trial. To say that this three per cent tax is not a tariff does not appeal to my sense of reason. It is just as much a tariff as any other tax. When there is added to the already excessive tariffs on imports from foreign countries and from Great Britain another three per cent tax I think we are reaching the prohibitive stage.

My hon. friends seem to take comfort in the thought that prices have not been increased. But prices have not decreased to the extent they would have had it not been for the fact that through the imposition of tariffs manufacturers have been allowed to charge undue prices. That, in a nutshell, is the situation. I make the prediction that so long as hon. members opposite continue their present course, just so long will the depression in Canada continue. We are having a real trial of what tariffs can do for us, and the experience is a bitter one. My hon. friends may determine to pursue that course. All I have to say is that there will be splendid proof of what excessive tariffs can do to Canada. The experiment seems to be bearing out my contention.

Mr. HACKETT: How does that apply to Great Britain?

Mr. LAPOINTE: Wait and see.

Mr. VENIOT: Does the dump apply in consequence of the depression of the pound sterling, and does the fixing of value for duty purposes apply to the three per cent excise tax?

Mr. RHODES: It is on the duty paid value that the excise tax is imposed.

Mr. VENIOT: On the duty paid value?

Mr. RHODES: Yes. I should like to take a little longer, but I am afraid it is too late to-night. I must say however that my hon. friend from West Edmonton is not altogether correct in his assertion that the three per cent excise tax is an additional burden imposed upon goods already taxed. He may call it what he likes; I shall not quarrel with him. My hon. friend must realize however that there is a wide range of duty free goods upon which this tax applies.

Mr. YOUNG: The average rate on all goods is twenty per cent.

Mr. CAYLEY: Will the minister assure us that as soon as times are better and the revenue permits it, this tax will be removed?

Mr. RHODES: My experience in public life has been too wide to make any definite commitments as to what will be done in the future with respect to taxation. I will say to my hon. friend, however, that nobody would be more delighted than I—and I am sure I can speak for my colleagues—when the time arrives that we can not only reduce taxation in this respect but in every other possible respect.

Mr. LAPOINTE: Carried.

Paragraph agreed to.

Paragraphs 8 and 9 agreed to.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 102, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

Mr. RHODES: Is there any objection to giving the bill second reading to-night and letting it stand at that stage?

An hon. MEMBER: Well—

Mr. RHODES: All right; next sitting of the house.

Mr. SPEAKER: Mr. Rhodes moves, seconded by Mr. Stevens, that said bill be now read a second time.

Mr. RHODES: No.

Mr. LAPOINTE: Yes, read it now.

Mr. RHODES: Very well.

Motion agreed to and bill read the second time.

On motion of Mr. Bennett the house adjourned at twelve o'clock midnight.

Tuesday, May 24, 1932

The house met at eleven o'clock.

BANKING AND COMMERCE

MOTION FOR CONCURRENCE IN FOURTH REPORT OF FINDINGS OF COMMITTEE IN INQUIRY INTO PRICE OF GASOLINE

The house resumed from Monday, May 23, consideration of the motion of Mr. Young that the fourth report of the select standing committee on banking and commerce, on the reference as to the price of gasoline, be concurred in.

Mr. E. J. YOUNG (Weyburn): In moving concurrence in the fourth report of the select standing committee on banking and commerce, I wish first of all to draw the attention of the house to the wording of the reference, which reads:

> That, in the opinion of this house, the price of gasoline to the Canadian consumer has for some time past been too high and that this matter should be referred to the select standing committee on banking and commerce to investigate and report.

The question with which the committee had to deal was this: Are we in Canada paying too much for our gasoline, and, if we are, what is the reason? The committee reasoned that if we are paying too much for our gasoline it must be that somebody connected with the refining of gasoline or somebody connected with its distribution—or both—is getting too much for his services.

During the calendar year 1931 we imported 84,000,000 gallons of gasoline on which duty was paid, and during the same year we imported some 32,000,000 gallons on which no duty was paid. Now, all of that 32,000,000 gallons which came in duty free was imported by refiners. In order to prove that statement I would refer the house to section 272 of the customs tariff as amended at the short session in September, 1930. It reads:

> Natural casinghead, compression or absorption gasoline, lighter than ·6690 specific gravity at 60 degrees temperature, when imported by distillers of petroleum for blending with other gasolines distilled in Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Let me explain what natural casinghead gasoline is: it is gasoline as it comes from the earth. In that state it is not suitable for use in engines; it vaporizes too easily. But it has been found that by mixing it with other gasoline it can be used quite satisfactorily. It is not the raw material of any manufacturing process; it is gasoline, and the only treatment it requires is to pour some other kind of gasoline in with it.

This section 272 provides that refiners of gasoline may import that form of gasoline duty free, but anybody else who is importing it must pay a duty of 2½ cents per gallon, plus whatever dumping duties the government sees fit to impose. I should like hon. members to picture to themselves for a moment two distributors of gasoline located on opposite corners of the same street, one of them a branch of a refining company and the

other an independent distributor. Both these distributors are selling identically the same product, namely, a mixture of Canadian refined gasoline, with casinghead gasoline imported from some other country. The government says to one of these distributors, "You may bring in your gasoline free of duty," and to the other it says, "For the same kind of gasoline you must pay a duty of 2½ cents per gallon plus whatever dumping duty we see fit to impose."

I ask you to consider for a moment what the effect of that would be on an independent distributor. How can any independent distributor hope to survive and do business under such conditions when the government allows his competitor to bring in his gasoline duty free while it insists on the independent distributor paying a duty of anywhere from 2½ to 5 cents a gallon? Yesterday the announcement appeared in the press that the price of gasoline had dropped 4 cents in New York, and the despatch reported that this was due to the competition of independent distributors. No such thing could happen in Canada because the government here has specifically said to the independent distributors, "We will not allow you to remain in business; at any rate, we will not allow you to bring in your product at the same rate as we allow the refiners to import the very same thing."

I contend, therefore, that I am justified in the statement that all of the 32,000,000 gallons of duty-free gasoline imported last year was imported by the refiners. Some 84,000,000 gallons of dutiable gasoline was brought in, and I presume it was brought in by the independents. That is only about one-eighth of the total consumption, so that seven-eighths of the consumption passes through the hands of the refiners. The committee reasoned, then, that since the refiners held such a large proportion of the market, they must look to that source to investigate whether or not we are paying too much for our gasoline.

The largest refiner in Canada is the Imperial Oil Company. They are such a large factor in the market that whatever they do the others must generally fall in line with, so that the committee decided that if they investigated the Imperial Oil Company first to find out how they were faring, they would have a pretty good idea as to what was happening with the others. They investigated, securing the services of a firm of chartered accountants, competent men who looked into the affairs of the company. I have here a summary of their findings, and I will give it to the house: (a) That the company has not been guilty of any cost-loading; (b) The company has been honestly and soundly financed; (c) That marketing costs in this country are too high; (d) Variations in price during the last three years are based not on refining costs but on variations in the price of crude oil and on increases in various forms of taxes, freight and exchange; (e) That lower prices of gasoline in the United States and Canada, which appear to arouse the wrath of our people, are due in large measure to tax evasions on the other side of the line; (f) That the zoning basis of establishing prices tends to favour districts remote from refineries rather than those that are close; (g) That in some districts the spread between the wholesale and retail price is entirely in the hands of the retailers; (h) That the average profits of the Imperial Oil Company after paying all refining and marketing costs is 1·01 cents per gallon; and, (i) That no further expense should be incurred in continuing the investigation.

Those are the findings of the committee and they are based on the evidence produced. That was as far as the committee could go in investigating. They found that the companies were not taking excessive profits; they were not dishonestly managed; that variations in prices were due not to variations in the cost of refining but to variations in the cost of crude oil and changes in freight rates, taxes and so forth. But there is one thing which the committee did not and could not investigate, nor could they be expected to investigate it, and that is the question whether the Canadian refineries are efficiently managed, or whether, on the other hand, the oil-refining industry is one that can be profitably carried on in Canada. The committee could not investigate this question because there is no one in Canada who could give evidence in that regard; the only persons in Canada who could give evidence as to the efficiency of the refineries are the refinery men themselves. No person in Canada is capable of informing us whether our refineries are as efficient as the refineries in other countries. The committee, therefore, could not investigate that phase of the situation.

But there is one infallible test which we can apply to determine whether or not our refineries are efficient, and it is this question: Can we buy gasoline cheaper anywhere else? If the refineries of other countries can sell gasoline cheaper to us than we can get it from our own refineries, then one of two things is true: Either they are more efficient than our refineries, or the refining of gasoline is better adapted to other countries than ours. The question is, Can we or can we not buy gasoline

from somebody else cheaper than from our own refineries? In answer to that question I would refer the house to the evidence of Mr. O. B. Roger, of the Shell Oil Company. It will be found at page 411 of the evidence given before the committee. Mr. Donnelly is questioning Mr. Roger:

Q. You could buy from American concerns, as I have just said, for between 4 and 5 cents, and yet you are paying 6?—A. Yes; but then we would have been subject to dumping duty. The regulations provide that gasoline must be imported at the price in the bulletin.

Q. Instead of giving it to the government you give it to the American companies?—A. Yes.

What does that mean? It means that under the amendment to the Customs Act passed by this house in September, 1930, the government has power to fix the value for duty on gasoline. They did so. They fixed a certain value which they informed the importers they must pay for their gasoline, and if they did not pay that price they were subject to dumping duty. The Shell Oil Company was able to buy gasoline at 4 and 5 cents a gallon in the United States. That was lower than the price fixed in the bulletin, and the Customs department said to them, "If you buy at that price in the United States we will make you pay in the form of a dumping duty the difference between that and the bulletin price. But if you see fit to pay the extra price in the United States to the refiners over there you will be exempt from the dumping duty. We don't care whom you pay the extra price to, but we insist upon your paying it." Could further evidence be required that we are paying for our gasoline more than is necessary when the customs officials deliberately say to importers, "You must pay more and we don't care whether you pay it into the revenue or to the American manufacturer, but we insist on your paying it." The Shell Oil Company had to add that to the price they charged for their gasoline. Referring to page 413 of the evidence, I find the hon. member for Swift Current (Mr. Bothwell) examining Mr. Roger in connection with gasoline coming from the Dutch West Indies, as follows:

Q. What would your freight be on that from the Dutch West Indies to Montreal?—A. I should say nearly one cent a gallon, perhaps a fraction under a cent, but approximately a cent. I should say the freight, as far as my memory serves me, fluctuated somewhere in 1931 around 29 cents a barrel.

Q. At this price, that would bring it up to about 6·40 cents an Imperial gallon?—A. Excluding duty and sales tax.

Here again we have evidence that the same company could bring gasoline from the Dutch West Indies and lay it down in Montreal at 6·40 cents per gallon if it were not for the duty. No further evidence should be required to prove that we are paying too much for our gasoline. If further evidence is required, I refer the house to the statement made by the Minister of National Revenue (Mr. Ryckman) when his estimates were going through to the effect that certain men from Montreal had come to him and stated that they wanted to bring gasoline in from Roumania. What answer did he give? He said: If this gasoline is being dumped, you cannot bring it in. What did he mean by dumping? Under the new definition of dumping as set out in 1930 by the minister, it means the selling in Canada of gasoline or of anything else at a price lower than that at which our own manufacturers are willing to sell for. Time and time again the government has deliberately insisted that the people of this country pay more for their gasoline than they want to pay.

I want to say a few words in defence of Imperial Oil Limited. This company has been criticized quite severely, and in my opinion unjustly for their action in curtailing production in the Turner valley oil field. The market in western Canada for gasoline has fallen off considerably during the last year or two and Imperial Oil Limited found it necessary to reduce its purchases in the valley by about half. For that they were very severely criticized; people said that they should use Canadian produced gasoline, that it should be shipped down to eastern Canada instead of importing similar gasoline from the United States. The company put out an explanation in its own defence. This was to be found in most of the filling stations in western Canada and I shall read in part from a copy I secured. It reads:

The cost of the Turner valley product, plus freight rates, are such that the product cannot compete with other gasolines except within a freight radius of Calgary. Turner valley gasolines laid down at the Sarnia refinery of Imperial oil, within reach of a large consuming market, would cost on the present basis of prices and freights $5.97 per barrel. Casinghead gasoline which is equivalent to the product of Turner valley, on the basis of prices existing in the mid-continent field and of established freight rates would cost $3.62 per barrel. It is obvious, therefore, that the amount of naphtha drawn from the Turner valley must depend entirely upon the consumption of gasoline within that area of the western provinces where favourable freight rates prevail.

I think that is a very fair and just statement of the case. The company states quite clearly that if they were to use Turner valley gasoline and ship it to the parts of Canada where there are markets for it, it would cost them $2.35 a barrel more than the United States product. Very properly they take the stand that they could not incur that extra

cost and add it to the burden borne by the consumer in this country. I say that that is a very fair and proper attitude for that company to take. But I ask this question of the Prime Minister (Mr. Bennett) and I want an answer: If it is right, if it is fair, if it is in the public interest that Imperial Oil Limited should be allowed to buy its supplies where they can be bought the cheapest, why is it not right for the common people of this country to do the same thing? That is the question to which I should like an answer. I think I have proved that the price of gasoline in this country is too high and the cause of this high price is the duties and dumping duties imposed by the present government. The additional cost which we are paying is not going into the treasury, in many cases it is being paid to foreign manufacturers.

Mr. Speaker, I beg to move that the report be concurred in.

Mr. R. W. GRAY (West Lambton): Mr. Speaker, I move that the house do now proceed to the orders of the day.

Mr. YOUNG: Mr. Speaker, that motion is out of order; there is a motion before the chair.

Mr. SPEAKER: A motion for reading the orders of the day has preference to any motion before the house.

Mr. GARDINER: Mr. Speaker, on a point of order; is the motion to proceed to orders of the day seconded?

Mr. SPEAKER: It is seconded by Mr. McPhee.

The house divided on the motion (Mr. Gray) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Halton),
Barber,
Beaubier,
Bell (St. Antoine),
Bennett,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cahan,
Casselman,
Chaplin,
Charters.
Chevrier,
Davies,
Dickie,
Duguay,
Duranleau,
Esling,
Fafard,
Fortin,
Fraser (Cariboo),
Gagnon,
Ganong,
Geary,
Gobeil,
Gordon,
Gray,
Hackett,
Hanson (Skeena),
Johnstone,
Laflèche,
Larue,
LaVergne,
Macdonald (Kings),
MacNicol,
McGillis,
McLure,
McPhee,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Murphy,
Myers,
Nicholson,
Peck,
Pettit,
Pickel,
Porteous,
Robinson,
Ross,
Ryckman,
Sanderson,
Sauvé,
Shaver,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Spankie,
Spence,
Sproule,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Selkirk),
Sutherland,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Totzke,
Tummon,
Turnbull,
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Willis,
Wilson,
Wright.—83.

NAYS

Messrs:

Bothwell,
Boulanger,
Bradette,
Brasset,
Brown,
Butcher,
Casgrain,
Coote,
Deslauriers,
Donnelly,
Dubois,
Euler,
Gardiner,
Garland (Bow River),
Girouard,
Heaps,
Heenan,
Howard,
Irvine,
Kennedy (Peace River),
King, Mackenzie,
Lacroix,
Lucas,
Luchkovich,
MacInnis,
Mercier (Laurier-Outremont),
Motherwell,
Munn,
Neill,
Parent,
Perras,
Raymond,
Reid,
Roberge,
St-Père,
Séguin,
Speakman,
Spencer,
Veniot,
Verville,
Weir (Macdonald),
Woodsworth,
Young.—43.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted I would have voted for the motion.

Mr. McDADE: I was paired with the hon. member for Laprairie-Napierville (Mr. Dupuis). Had I voted I would have voted for the motion.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted I would have voted against the motion.

Mr. MacLEAN: I was paired with the hon. member for Rosetown (Mr. Loucks). Had I voted I would have voted against the motion.

Mr. CAYLEY: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted I would have voted against the motion.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted against the motion.

RADIO BROADCASTING

MESSAGE INTIMATING RADIO STATION TO BE LOCATED IN SASKATOON

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before the orders of the day are called, I might say to the Prime Minister that I have received a wire from one of the members of the local legislature of Saskatchewan stating with respect to the control of radio by a commission that the hon. member for Saskatoon (Mr. MacMillan) has wired to his city that one of the radio stations is to be located in Saskatoon. That, in the mind of the member who wired me, indicates that the decision will not be made by technical men, but will be actuated by political motives. I know nothing of the matter except the representation in the telegram, and I am sorry the hon. member for Saskatoon is not in his seat, because I should like first to have asked him if he personally sent the wire referred to. May I ask the Prime Minister, although I am sure it is not necessary to ask the question: Was the wire authorized in any way?

Right Hon. R. B. BENNETT (Prime Minister): I assure the right hon. gentleman that no such telegram has been sent with my knowledge or consent, either direct or indirect, and I have no reason to believe that any determination of any question of this kind has ever been thought of by the administration. I can assure him further, although I have received large numbers of letters indicating that particular individuals should be appointed to certain positions, I have replied that this matter has not yet been considered; that the bill has not been finally passed in the house, and further that so far as employees were concerned, this matter would have to be decided by the commission itself.

BUSINESS OF THE HOUSE

QUESTIONS PRECLUDED BY VOTE TO PROCEED TO ORDERS OF THE DAY

Hon. E. N. RHODES (Minister of Finance): I did not wish to raise a point of order while the leader of the opposition (Mr. Mackenzie King) was putting his question just now, because I knew in any event he would be able to get the leave of the house. But in view of the motion which has just been passed, we are in the orders of the day and therefore we cannot, as would usually be the case, submit questions before the orders of the day are called. I raise this point of order just so that a precedent will not be created, if Your Honour rules, as you should, that it is not now competent to raise questions on the orders of the day.

Mr. SPEAKER: In my view, the motion just passed makes the next order of business the orders of the day. Out of deference to the leader of the opposition and the Prime Minister, I made no objection while they were both on their feet. A few minutes ago the Secretary of State (Mr. Cahan) would have spoken, but I stopped him and I think the next proceeding of the house is to read the orders of the day.

Right Hon. MACKENZIE KING (Leader of the Opposition): It was quite unwittingly that I overstepped the rule, but I thank Your Honour and the hon. Minister of Finance for not having raised an objection, and for according me the privilege of bringing up the matter which, of course, might as well have been brought up when the radio broadcasting bill is further considered in committee as will I expect be the case a little later in the day.

CIVIL SERVICE ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the third reading of Bill No. 99, to amend the Civil Service Act.

Mr. E. J. YOUNG (Weyburn): I move in amendment that the house do now revert to motions.

Mr. GUTHRIE: That is out of order.

Mr. RHODES: If I may rise to a point of order, obviously the motion of the hon. member for Weyburn is out of order; it is a negative of a motion which was decided by the house by vote just a moment ago.

Mr. YOUNG: There have been two orders of the day since then.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, with respect to the—

Mr. WOODSWORTH: We have no idea of what business is being transacted.

Mr. HEENAN: With respect to the third reading of Bill No. 99, I desire to make just a few observations, because yesterday I attempted to get some information from the minister in charge of the measure and unfortunately we were not able before lunch to proceed with the bill in committee. Yesterday, while the bill was in committee, I endeavoured to ascertain the procedure that is

to be followed in connection with the appointments of postmasters to positions in offices that have a revenue of less than $3,000. I am not opposing the bill but what I wanted to be sure of at that time was that the preference for returned soldiers would be continued as it was prior to this enactment, and the reason I rise at this time is because the returned soldier preference in the constituency that I have the honour to represent is being entirely overlooked.

In 1920, a resolution passed the Ontario legislature unanimously, in effect, that in all cases returned soldiers were to get the preference in appointments to permanent positions within the jurisdiction of the government of Ontario. Only recently a sheriff has been appointed in Kenora by the Ontario government, and the occupant, while a very good citizen in every way, is not a returned soldier. I have received many letters from returned men in my district telling me that they had no knowledge whatever that that position was about to be filled, and further that it was filled on the recommendation of the executive of the Conservative association for the district. There were two other appointments. The office of registrar for the district was vacated twice, and while the position was filled in both cases by very good citizens the returned soldiers in the district did not get an opportunity of appointment to those two vacancies. Again only recently, about a month ago, the mayor of Kenora was appointed to a provincial government position, and he is not a returned soldier. Those positions were filled upon the recommendation of the executive of the Conservative association for that district. What I wanted to say to the minister was this: If federal government positions are going to be filled in the same way, I think the minister will agree that I have reason to look askance at the protection that is afforded to the returned soldier in the matter of preference in appointments. How are the returned soldiers in that large district going to know where to apply? Are they to apply to the Postmaster General, to the member for the district or to the Conservative executive, and even if they know where to apply, what guarantee is there that the returned soldier preference will be maintained in appointments to these positions?

That is the only observation that I have to make, Mr. Speaker, and I am sorry that the bill was reported out of committee before I was given an opportunity of ascertaining beyond the shadow of a doubt that the returned soldiers in that district, and it is the only district that I have the right to speak for, would get a square deal in federal government appointments.

[Mr. Heenan.]

Mr. E. J. GARLAND (Bow River): I am opposed to the third reading of this bill, Mr. Speaker, because of two clauses that it contains. One of them I referred to when the discussion on the resolution was before the house, and at that time Your Honour will recollect that I moved to delete the clause referring to the exemption of revenue post offices up to $3,000. When the bill was before the house yesterday I disagreed with the administration in the amendment which was proposed by the Minister of Finance to modify section 11. It is not my intention at this time to prolong the debate unnecessarily. I simply wish to move, therefore:

That Bill No. 99, an Act to amend the Civil Service Act be not now read a third time but that it be referred back to the committee of the whole for the purpose of amending it by striking out section 10—and by striking out section 11, substituting for section 11 the wording of the section as contained in the first reading of the bill.

May I explain that section 10 is the one referring to the exemption of post offices with revenues up to $3,000. Under the first reading of the bill hon. members will recall that section 11 carried out the unanimous desire of the committee, the unanimous desire of every civil service organization which appeared before that committee, and the desire of many other people. As it stood at the first reading of the bill section 11 took away from private secretaries to ministers the special privilege which had been accorded to them under the amendment to the act moved some years previously. My motion is therefore to restore section 11 as originally drafted in the amendment this year, and I sincerely trust that the house will see that the merit system, to the extent at least of the improper changes being made to this bill—and I use the word "improper" advisedly—be not interfered with.

Mr. E. R. E. CHEVRIER (Ottawa): Mr. Speaker, I shall have to vote for the motion now before the house so that the bill may be referred back to the committee. I will so vote in the hope that before the committee the section dealing with private secretaries may be brought back to its previous form, and at the same time in the hope that the committee will not alter the section with reference to postmasters as recommended by the special committee.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I find myself in somewhat the same position in regard to my vote as the hon. member for

Ottawa. I should like the matter to be referred to the committee, however, in the hope that section 10 may be eliminated from the bill, and that the amendment to section 11 as introduced to the house yesterday may be confirmed. When section 10 was under discussion in committee I expressed my sentiments in regard to the purpose of that section. I should like to repeat my views however in regard to statements made yesterday concerning the possibility of retaining returned soldiers' preference. I think the hon. member for Kenora-Rainy River (Mr. Heenan) has given a good illustration of how matters have worked out. We have seen how a similar pious wish has worked out in regard to appointments made by the legislature of Ontario. I am quite satisfied that no matter what regulations are framed, when it comes to actual operations the matter of returned soldiers' preference will work out in the present instance as it worked out in the province of Ontario, as described by the hon. member for Kenora-Rainy River.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I am exactly in the same position as my hon. friend from Lisgar. I cannot support the motion because I am opposed to deleting from the bill the amendment carried yesterday.

Mr. MOTHERWELL: The same here.

Some hon. MEMBERS: Question.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, I am wondering if the minister in charge of the bill would take this opportunity to make a statement. He did not speak before, because already he had moved third reading. I do not wish to repeat my statements of yesterday with regard to the assurance which should be given to returned soldiers, but as the house seems to be quieter than it was when I spoke previously I should like to repeat a few statements. May I point out that in the year 1920 a resolution was passed unanimously by the Ontario legislature to the effect that returned soldiers would receive the preference in all permanent positions. In the riding I have the honour to represent they are not getting it. I should like to pass over to the minister a letter which will indicate what is going on. I do not wish to make it public because in my opinion the condition it discloses is a disgrace. This letter from the Canadian Legion at Fort Frances indicates what is going on. I am not blaming the government, because I feel sure neither the Prime Minister nor any other member of the government would tolerate what is happening among the ranks of their own followers. I should like to pass this letter over to the minister so that he may have an opportunity of reading it; it is not my desire to make it public at this moment, because the matter is altogether too disgraceful. I am convinced when the minister sees what is contained in it he will realize why I have taken this position. The resolution passed by the Ontario legislature was unanimous; and I regard it as an order of the house. Notwithstanding that fact the returned soldiers are not receiving preference in that district. It may be that in the town of Kenora the members of the legion are satisfied—I doubt it—but hon. members must bear in mind that the district of Kenora is very large, and positions may be filled without returned soldiers in other parts of the district knowing anything about them or getting consideration.

The position of sheriff is a district position; the sheriff appointed is a very eminent citizen, notwithstanding the fact that he is a Conservative. He is not a returned soldier. The position of district registrar has been vacant twice, and is now filled by a gentleman who is not a returned soldier. The mayor of Kenora, the gentleman who has sent telegrams to the effect that I deliberately falsified facts, has only recently received his appointment. I regard that appointment as compensation for the telegrams he sent out saying that I was not telling the truth in eastern Canada with respect to such matters as I am now speaking about. He is not a returned soldier. So far as I can understand the persons who will make recommendations to the Postmaster General are those who are now recommending to the provincial government the appointment of men who are not returned soldiers.

Yesterday the minister in charge of the bill took a very fair position. I think if the Conservative executive, the member for the district, or the defeated candidates are to make the recommendations with respect to the filling of positions the government ought to let that fact be known. Otherwise, I may have to vote that the bill go back into committee.

Hon. C. H. CAHAN (Secretary of State): The letter which the hon. member has shown to me does not deal with federal affairs. I cannot deal with Ontario political affairs, because I am not responsible therefor in any way.

Mr. HEENAN: But the minister will see—

Mr. CAHAN: Therefore, the complaints made in this letter, which I am not allowed to read to the house, are complaints of which I cannot take cognizance.

With regard to the bill now before the house, it provides that the preference estab-

lished by section 29 of the Civil Service Act, that is, the preference granted in favour of the persons mentioned therein, shall be applied in respect of appointments to such positions. That preference is reaffirmed and reincorporated into the amending bill. I have not the slightest doubt that the members and officials of the government who will carry this measure into effect will give due consideration to the statutory enactment of the parliament of Canada, to which the ministers of the crown who administer the act are responsible. That is all I can say.

The house divided on the amendment (Mr. Garland, Bow River), which was negatived on the following division:

YEAS

Messrs:

Blair,	Lucas,
Chevrier,	Luchkovich,
Coote,	MacInnis,
Donnelly,	Neill,
Gardiner,	Reid,
Garland (Bow River),	Roberge,
Girouard,	Speakman,
Hanson (Skeena),	Spencer,
Heaps,	Weir (Macdonald),
Irvine,	Woodsworth.—20.

NAYS

Messrs:

Barber,	Murphy,
Baribeau,	Myers,
Barrette,	Nicholson,
Belec,	Parent,
Boulanger,	Peck,
Bourgeois,	Pettit,
Bowen,	Pickel,
Boyes,	Quinn,
Brasset,	Rhéaume,
Brown,	Robinson,
Cahan,	Ross,
Chaplin,	Ryckman,
Charters,	St-Père,
Deslauriers,	Sauvé,
Dickie,	Shaver,
Duguay,	Simpson
Duranleau,	(Simcoe North),
Esling,	Spankie,
Fortin,	Spence,
Gagnon,	Sproule,
Ganong,	Stevens,
Gobeil,	Stewart
Gordon,	(Edmonton West),
Guthrie,	Stewart (Leeds),
Hackett,	Stewart (Lethbridge),
Johnstone,	Stirling,
Laflèche,	Stitt (Selkirk),
Lapointe,	Sutherland,
Larue,	Tétreault,
LaVergne,	Thompson
Macdonald (Kings),	(Simcoe East),
MacNicol,	Thompson (Lanark),
McGillis,	Tummon,
McLure,	Turnbull,
McPhee,	Veniot,
Manion,	Weese,
Matthews,	Weir (Melfort),
Moore (Chateauguay-Huntingdon),	White (London),
	Willis,
Morand,	Wright.—77.
Motherwell,	

[Mr. Cahan.]

Mr. PORTEOUS: I was paired with the hon. member for Southeast Grey (Miss Macphail). Had I voted, I would have voted against the amendment.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted, I would have voted against the amendment.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted, I would have voted against the amendment.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted, I would have voted against the amendment.

Mr. FRASER (Cariboo): I was paired with the hon. member for South Huron (Mr. McMillan). Had I voted, I would have voted against the amendment.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted, I would have voted against the amendment.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted against the amendment.

Mr. McDADE: I was paired with the hon. member for Laprairie-Napierville (Mr. Dupuis). Had I voted, I would have voted against the amendment.

Motion (Mr. Cahan) agreed to and bill read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

Mr. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 95, to amend the Customs Tariff.

Some hon. MEMBERS: Carried.

Mr. YOUNG: Mr. Speaker, I move that the house do now revert to motions.

Mr. SPEAKER: The house has already by resolution proceeded from motions to orders of the day, and I do not think it can undo what it has done in that respect, at this sitting. The second reading of Bill No. 95 was carried.

Motion agreed to and bill read the second time.

Mr. RHODES: I move, Mr. Speaker, that you do now leave the chair for the house to go into committee on Bill No. 95.

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

Bill considered in committee, reported, read the third time and passed.

INCOME WAR TAX ACT AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 96, to amend the Income War Tax Act.

Mr. MACKENZIE KING: Is this the bill that proposes the two per cent excise?

Mr. RHODES: No, this is the income tax bill.

Mr. MACKENZIE KING: I beg your pardon; I had not heard the title.

Motion agreed to, bill read the second time, considered in committee, read the third time and passed.

SPECIAL WAR REVENUE ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 102, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Part III repealed and re-enacted.

Mr. CAYLEY: Mr. Chairman, I should like to refer again to the matter of the taxation of net insurance premiums. I referred to this matter yesterday and the minister asked me to defer my remarks until the bill was before the committee. It seems to me that there is some injustice in taxing the net premiums of foreign companies doing business in Canada two per cent, while the net premiums of Canadian companies are taxed only one per cent. I can understand that the government may have in mind the fact that these foreign companies do considerable business in Canada, but I remind the minister that the premiums paid to foreign companies are paid by Canadian policyholders. This is actually a tax upon Canadian policyholders. I think the government had in mind the New England mutuals which do business on a small premium, perhaps the smallest of any company operating in that class, but I think these companies are to be commended for the splendid methods they have adopted in the carrying on of business. They endeavour not only to pay fire losses but to prevent fires. They have an organization of inspectors and expert engineers who are continually on the job doing what they can by way of advising factory owners how to improve their premises and reduce fire hazards. I bring this matter to the attention of the minister because I think my previous remarks, I believe on the resolution, might have been misunderstood. These companies are called foreign companies, yet they are doing Canadian business just the same as the Canadian companies.

Mr. RHODES: I do not think that this tax in actual practice will prove to be an unfair burden on the foreign companies because it must be borne in mind that these companies carry a select class of risks. In the main their premiums are very small and the yield of the two per cent tax will not be comparable to the yield of the one per cent tax in the case of Canadian companies. I point out to my hon. friend that if Canadian policyholders do not desire to pay the two per cent tax, they can insure in companies where they will have to pay only one per cent. Another argument in favour of this tax, and one which I think demonstrates that there is no discrimination against these companies, is the fact that they have no office staff, they support no taxpayers in the form of employees and pay no income tax whereas, on the other hand, the Canadian companies do all these things. I understand that the foreign companies have not taken any exception to this tax, and I think that is the best evidence that in their judgment they feel they have not been discriminated against. I have no recollection of any complaint coming in on this score so I must assume under these circumstances that there is a reasonable acceptance to the tax on the part of the companies in question.

Section agreed to.

Sections 2 to 11 inclusive agreed to.

On section 12—Excise tax of three per cent on duty paid value.

Mr. MACKENZIE KING: Under this section the special excise tax of one per cent imposed by the act of last year is increased to three per cent. I wish to repeat what has been said frequently, that this tax really is an increase of duty, that there is in reality an increase of three per cent in the customs tariff on everything except a few articles enumerated in the schedule. In delivering his budget speech, the Minister of Finance took no little credit to himself and the government for not having imposed any increased duties this session. Had he been in the chamber when I was delivering my speech I would have drawn his attention specifically, as in fact I mentioned particularly, that in that statement he was entirely mistaken, that, as a matter of fact, the government this session by increasing the excise tax, which is a

customs tariff from one to three per cent, had raised all existing duties higher by two per cent. May I say to my hon. friend that the effect of this increase will be to make still more difficult trade between this country and other parts of the British Empire and other portions of the world. As the Minister of Finance well knows, the present rate of duty is prohibitive on a very large number of articles, and on those on which it is not prohibitive this increase of three per cent will have the effect of making trade practically prohibitive.

This is May 24, known as Empire day, Victoria day. I desire to make a special appeal to the minister and the ministry on this Empire day on behalf of trade within the empire, and to request the minister to consider favourably exempting, so far as this so called excise tax is concerned, all commodities coming into Canada from any other part of the British Empire. That would be extending a preference of at least three per cent to all the other parts of the British Empire upon goods imported therefrom into Canada. It would not lead to any great inflow of commodities, because there would still remain the very high duties which have already been imposed against Great Britain and the other dominions by the lessening of the preference which has taken place since the present administration has come into office. Coming on the eve of the Imperial economic conference, it would be a gesture which would go very far in the way of indicating an attitude of approach, of good will, which might have very valuable effects when the conference meets in this city.

The Minister of Finance has intimated that this tax is intended for revenue purposes. As I said yesterday, it really is a tax which will have the effect of lessening the revenue that is now being obtained from goods that come into Canada from other countries, because it will make still more difficult the importation of goods. He can derive revenue only upon commodities which enter this country. Furthermore, it is a tax upon the Canadian people; the consumers in Canada are the ones who will have to bear, I imagine, the whole burden of the tax. I do not think any foreign country or any other part of the British Empire will bear any appreciable portion of it; it will be just one more burden added to those which the already overburdened taxpayers in this country have to bear.

May I take advantage of speaking at the moment on this subject of customs duties to say to my hon. friend that if the Imperial conference is to result in any increase of trade between the different parts of the British Empire, it will not be by merely taking one, two, three or four per cent off some of the already existng high rates of duty, and leaving duties that are still very largely, if not wholly, prohibitive. It will only be by the government realizing that trade is what this country needs at the present time and that trade to any appreciable extent can take place only as there is both import and export trade. The late Right Hon. Joseph Chamberlain, who was a strong advocate and by some designated the father of certain forms of proposed preference within the empire, as long as thirty years ago, made very clear what he had in mind concerning the advantages to inter-empire trade, and in other respects, which, would accrue from the preference, and how alone those advantages could be obtained. I shall read just one statement made by the late Mr. Chamberlain, which has an important bearing upon what I am now discussing, and more particularly upon what the government will have very carefully to consider in connection with the forthcoming Imperial economic conference. The statement was made in 1902 and is as follows:

> The very valuable experience which we have derived from the history of the Canadian tariff shows that, while we may most readily and most gratefully accept from you any preference which you may be willing voluntarily to accord to us, we cannot bargain with you for it, we cannot pay you for it, unless you go much further and enable us to enter your home market on terms of greater equality. . . . So long as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets.

That statement is as applicable to conditions to-day as it was at the time it was made by the late Mr. Joseph Chamberlain. If my hon. friends hope to encourage trade between different parts of the empire, and particularly between Great Britain and Canada, as we on this side all hope they may succeed in doing, they will have to abandon their so-called "Canada first" policy, based as it is upon the idea that no goods are to come into this country which can be produced or manufactured here, and that the only preference which will be given will be one over and above a tariff which is sufficiently high to prevent any kind of competition with goods that are produced or manufactured in Canada. Because there is a wholesome element of competition, it does not mean that the industries of this country are thereby going to suffer. It rather means that they will have to put on an extra spurt, and in the end probably be more efficient than they otherwise

would have been. So I think that at the moment the minister has an opportunity to do what he himself and other members of the government have been saying they would like to do, namely, have Canada set an example to the empire, and through the empire to the world. No better occasion could be chosen for such an example than this Empire day. If it were not that the rules of the house make it impossible for me to move an amendment to delete the application of this tax so far as other parts of the British Empire are concerned, I would move that amendment at this time, but as my hon. friend knows better than anyone else, inasmuch as the revenues might be affected thereby, and he says that they would be, a motion to that effect from this side of the house would be out of order; it would, however, not be out of order for him as minister to have one of his colleagues move to exempt from the operation of the tax all goods imported into Canada from different parts of the empire, and I hope that he will do that.

In speaking on this section may I mention one other phase of this matter. I confess that I have found it very difficult to understand what was really in the minds of the ministry with respect to this particular excise tax so called. I cannot think of it as a revenue tax because I feel that if the ministry really wanted to get revenue by means of the customs tariff they would make a tariff for revenue. They would not add to a tariff that is already very high, a rate of duty that makes a still higher protectionist tariff. So I cannot accept, as freely and as fully as I should like to be able to do, the idea that this tax is really intended in the long run to be one for revenue purposes solely and that the revenue to be derived from it is to be intended to form part of the general revenue that goes into the consolidated revenue fund to be drawn on for any purpose that may be legal in that connection.

The thought has occurred to me that possibly along with statesmen in other parts of the British Empire the ministry may have in mind the creation of something in the nature of an imperial zollverein, and in connection therewith the organization of a fund which will be used for the purposes of so-called "development" within the empire. As my hon. friend knows, a certain school of imperialists have always advocated that there should be thrown around the British Empire a tax that would apply to foreign countries but would not apply to commodities imported by different parts of the empire from other parts of the empire. Such a scheme would be in the nature of an imperial zollverein. They have thought that such a scheme to a certain extent at least would appear to the rest of the world as an outward and visible sign of the unity and completeness of the empire as a fiscal entity. In one form or another, it has long been suggested that some particular tax should be earmarked for development or other specific purposes within the empire. I think the proposal was first put forward in connection with imperial defence, that every part of the empire should contribute one or two or three per cent of its revenues or revenue to be derived from some special source for the purpose of the development of imperial defence. When that idea did not find favour in different parts of the empire, the idea was put forward of a similar development fund for the purpose of imperial organization so-called. There is now the suggestion that a central fund for the purposes of imperial development should be started.

I shall not take up time to quote from authorities, but I have in my hand a copy of The Dalhousie Review, which is a publication issued in the home city of my hon. friend the Minister of Finance. It may serve as an example. It contains, as its first article in the January, 1932, issue, an article by Sir Robert Hadfield, entitled the Economic Development of Empire, and at page 428 I find the following paragraph which embodies the idea I have been seeking to disclose. Sir Robert Hadfield says:

> I have come to the conclusion that in connection with this super-organization of empire development we should have an imperial development fund of very considerable magnitude to be raised and used under practical arrangement with our overseas kinsmen, for the sole purpose of developing all our wealth-creating opportunities. Further, I propose that an empire development board be formed, which must include representatives from all parts of the empire, and possess a permanent organization in each country. This body should meet far more frequently than the Imperial conference, and should hold session in Great Britain and in the dominions in rotation, so that every member should get first-hand the opportunity of experiences of the conditions, requirements and possibilities of different parts of the empire.

If at the forthcoming economic conference a proposal should be put forward for the creation of some central fund which will be at the disposition of a central organization, I hope that my hon. friend and those who are associated with him will weigh very carefully all the arguments which have been presented in the past against any scheme of centralization as an effective means of holding the British Empire together. I believe that the

British Empire has a foundation that is impregnable so long as we firmly maintain, in connection with the affairs of each of the self-governing parts of the empire, the conception of fiscal autonomy, along with all other forms of autonomy which we now so completely enjoy. But to surrender something, however small, which will in the least restrict the freedom of the self-governing dominions in their trade negotiations with other countries, or which will occasion a sense of restraint as to the obligations which in a fiscal way are binding as between the different parts of the empire would, I fear, have the opposite effect from that desired by those who wish to see the British Empire continue to grow in unity and strength as the years go by. I will quote in connection with the opinion I have here expressed the words of one whose name in these matters should carry a good deal in the way of authority with hon. gentlemen opposite. I have here a quotation from Sir John Willison's Life of Sir Wilfrid Laurier. Referring to a statement which the late Mr. Joseph Chamberlain had made as to the only form of zollverein Mr. Chamberlain thought would be of any real service to the British Empire, the author gives his opinion, which may be regarded as expert opinion, of the effect of any zollverein upon the development of the British Empire. The statement of Mr. Joseph Chamberlain, to which Sir John Willison refers, is as follows:

> I believe the only form that would meet with the slightest favour would be an imperial zollverein, in which there would be free trade between the portions of the empire and duties as against strangers.

Sir John Willison at page 307 of his Life of Laurier says:

> It is necessary to add, at the risk of misunderstanding, that it is not easy to conceive a zollverein arrangement that will not restrict the freedom of the colonies—

Colonies they were called at that time, now dominions:

> —and tend with changing circumstances to produce irritation and unrest; and that the trade relations between Great Britain and the colonies will probably be better controlled by concurrent legislation than by a joint tariff.

I submit that that paragraph is one deserving of very careful consideration by members of the ministry who will be representing Canada at the forthcoming Imperial economic conference. The conception of a zollverein that Joseph Chamberlain had was a tax that would operate as against foreign countries, but to be of any value it would have to be accompanied by complete free trade within the British Empire itself. I do not assume that the present ministry will consider at the forthcoming conference any development of trade on the basis of free trade within the empire. They have said over and over again that they would not. On the other hand, I do think from the statements made by the Prime Minister in England, and made in this house since, that it is quite conceivable that what the government is not prepared to consider on a free trade basis they may have in mind seeking to bring about on a "Canada first" basis, on a protectionist basis instead of on a free trade basis. In other words, it is conceivable that they will seek to have the British Empire develop on the basis of each of its self-governing parts having protective tariffs so high as to make impossible the importation of goods that are produced or manufactured by itself, and that they will seek to exclude foreign goods by raising still higher the existing tariff against foreign countries. That would be an imperial zollverein on the basis of high protection. A policy of that kind I believe would be fatal not only to trade within the empire but fatal to the future development of the empire in other respects, and I think this is the best moment at which to give expression to that view.

I repeat again, I hope my hon. friend will to-day, on Empire day, make at least a gesture of an attitude which really means that the government desires to see trade within the British Empire furthered through the reduction of duties in a way which will permit of the flow of commodities into this country, to be accompanied by a similar flow from this country into all other parts of the empire. I hope the minister will give us some assurance that at least something of the kind is in the minds of the ministry, or, better still, that at the approaching conference they may have something of the kind to propose.

Mr. RHODES: I am quite sure that the right hon. leader of the opposition will not misunderstand me if I do not at this stage of the session attempt to reply to him at length, or that on the other hand he will not take exception if my reply is quite brief.

I am at one with my right hon. friend when he expresses a desire for trade within the empire. I do not think he need have any misapprehension that it is in the mind of the government to erect a wall, as it were, around the empire, for the exclusion of trade with the rest of the world. While I have always been a strong advocate personally of empire trade, and I believe much can be accomplished for the benefit of the different dominions through the stimulus of empire trade, I have never understood that that meant that we were to

trade exclusively within the empire and that it was to prevent us from trading with the world at large.

I have read the article by Sir Robert Hadfield in the Dalhousie Review to which my right hon. friend referred, and I hasten to assure him that whatever merits or demerits may attach to the three per cent tax, it has no reference whatever to a revolving fund which is designed to be an adjunct to an empire zollverein. As a matter of fact, I think my right hon. friend has some misgiving upon the point. I beg to assure him there is nothing in the minds of the government with respect to the three per cent excise tax upon imports other than a desire to raise revenue. My right hon. friend has said the three per cent excise tax is a tax upon the people of this country; in great part, that is so. It does not always follow however, that the importer pays the tax. It is true that the importer goes to the customs house and takes out the goods; he goes through the physical act of paying money into the customs for the goods he takes out. It happens in many instances however that the tax is actually borne by the exporter. The mere fact that we have to apply the dump in certain instances is evidence of that fact.

May I point out to my right hon. friend, that whether this is a good or a bad tax the fact remains that the treasury of this country is in need of funds. We must raise revenue from some source, and if we do not raise it in this way we will raise it in some other way. In the last analysis the only money which comes into the treasury comes through taxation. That point therefore I do not think has any very marked bearing upon the argument. I can add very little, probably nothing, to what I said last night in reply to my right hon. friend with respect to the three per cent tax. Certainly I do not think it can be properly regarded as an added impost by way of customs when it is applicable to those commodities which are duty free. No one would suggest for a moment that a three per cent customs tariff would be any barrier worthy of consideration.

Mr. LAPOINTE: But it is added to the tariff.

Mr. RHODES: Yes; upon all goods in connection with which there exists an impost, and to which is added the excise tax, my right hon. friend's argument would have bearing. I would add, however, that it is applied to duty free goods. Furthermore I can add only what I said yesterday, namely that I do not think the other dominions within the empire have regarded this impost other than as a revenue tax.

Arising from the remarks of my right hon. friend, only one other thought occurs to me, and that is to assure him that if we enter the Imperial economic conference, as I think we all ought to enter it, with a desire in our hearts not to drive a bargain but to enter into undertakings which will be mutually advantageous—

Mr. LAPOINTE: Hear, hear.

Mr. RHODES: —we will be serving this country best. I think that is the attitude in which we are prepared to enter the conference. After conversations, if it is found that the three per cent tax requires further consideration I have not the slightest hesitation in saying to my right hon. friend that the government is not wedded to it, other than as a necessity of the moment, as a means of taxation.

Mr. BROWN: I should like to have an explanation so that hon. members may know the meaning of the section. It says that there will be an excise tax of three per cent on the duty paid value. I presume that means that in the case of an article valued at $100 already bearing a tariff of 35 per cent the tax will be levied upon the $100 plus the $35, making it an equivalent to a four per cent tax on the invoice price of the goods. That seems to be the only construction which could be placed upon the wording. Does "duty paid value" mean the duty set forth in the Customs Act, and not dumping duties which may be added. I think we may very readily conceive that if the policy which has been put into force by this government is followed—that of raising duties by order in council, and levying dumping duties to such an extent that they exclude trade altogether—and the tax is paid on such goods, a very high tax may be the result.

Mr. RHODES: The hon. member for Lisgar will find a definition of "duty paid value" if he will turn to section 85 of the Special War Revenue Act. At that place the definition is as follows:

> "Duty paid value" shall mean the value of the article as it would be determined for the purpose of calculating an ad valorem duty upon the importation of such articles into Canada under the laws relating to the customs and the customs tariff whether such article be in fact subject to ad valorem or other duty or not, and in addition the amount of the custom duties, if any, payable thereon: Provided that in computing the "duty paid value" of tea purchased in bond in Great Britain—

And so on. I think that paragraph clearly defines the term about which the hon. member

has asked. I would say to him however that the three per cent excise tax upon imports is not applied to the valuation created by the dump.

Mr. ELLIOTT: I wish to direct a question to the minister with regard to the tax on telephone calls. As I understand it there is a general tax of six per cent. Does that apply to all calls, whether or not they are under twenty-five cents?

Mr. RHODES: Yes.

Mr. ELLIOTT: Does that mean that on a twenty cent call there would be a tax of six per cent?

Mr. RHODES: Yes.

Mr. ELLIOTT: And on a twenty-five cent call there would be a tax of five cents?

Mr. RHODES: No; the tax of six per cent is applicable upon customers' accounts. That is to say, at the end of each month their long distance bill will be subject to a six per cent tax. The five cent tax applies to public pay stations, whether or not they have attendants. obviously at those places the sales tax would not be applied.

Mr. ELLIOTT: I take it, then, that on a local telephone call where connection with some other telephone company is necessary, and there is a charge of say, ten cents, there would be a six per cent levy thereon.

Mr. RHODES: Yes; if that ten per cent charge is on a long distance call, there would be a tax of six cents on ten such calls.

Mr. ELLIOTT: I should like to urge upon the minister the fact that great hardship will be suffered by the people who are operating and patronizing local telephone stations. If there is to be a tax on calls on which the charges are only ten cents or fifteen cents, calls coming within the definition of "long distance calls" as described in the act, a great deal of bookkeeping will be necessary and very little revenue will be derived. The tax would be a nuisance to the people conducting telephone systems, and will constitute just that much more burden upon those who have to pay it. I am wondering if the minister would not consider eliminating taxes on telephone calls, unless the charges are over twenty-five cents, or even fifteen cents.

Mr. RHODES: I may state to the committee with the utmost frankness that the method I had in mind in the first instance was to tax no message under 25 cents, and then make it a graded tax. But the telephone companies themselves pointed out to me that this would bring about unequal taxation and would cause them more difficulty than would be the case if we applied the straight 6 per cent tax to monthly accounts. That idea had not occurred to me; it arose from a decision arrived at during a convention in Winnipeg. The suggestion was made the other evening, in committee on the resolution, that even in the case of the 6 per cent tax it ought not to apply except to messages over a certain amount. The companies pointed out to me that to attempt to carry this out would double the cost of collection to the company, and they stated that the cheapest, the simplest and the most effective method was the one which they suggested, that is, the 6 per cent tax.

Of course all taxation is a burden, but there is this to be said, that in the case of a 25 cent call made by a subscriber his tax would be 1½ cents, which is not an excessive sum. On the other hand, if you started out with a 5 cent tax on a 25 cent call the burden would be much more excessive. I admit that in the rural districts where conditions are not at all good every additional cent of taxation is a burden; but the difficulty in the imposition of a tax of this kind is to avoid some hardships, however slight they may be. I do not know conditions in the area in which my hon. friend lives, but I can speak of conditions in my native province, where there are many rural telephone lines owned by the farmers themselves, in many instances covering very wide areas. Those who use these lines will not pay any tax at all, because they have no long distance calls. When they install their telephone they have the run of the entire countryside covered by the system, so they at least will be spared. In any attempt to impose a tax such as this it will be found to impinge at some point, but taking it on the whole I think this is the fairest and most equitable method, which will result in the fewest injustices. At all events, after having had the tax in force for a year we will know a great deal more about it than we know now, and if we find that my hon. friend's fears were well founded we can remedy the situation next session.

Mr. ELLIOTT: I have here a resolution, of which no doubt my hon. friend has received a copy, from the Canadian Independent Telephone Association protesting against this six per cent charge. I was surprised to hear my hon. friend say that no objections to the tax have been raised by the telephone association. I know that in the section of Ontario from which I come there is the strongest objection, first as to the additional burden that is being imposed and also as to the difficulty of work-

ing it out on telephone messages where the charges are small, such as I have referred to. I do think it would not affect the revenue materially, and it would save a great deal of trouble, if my hon. friend could see his way clear to exempting from that tax even telephone calls costing less than 15 cents.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ELLIOTT: Just before the committee rose we were discussing the question of taxes on telephone calls of 15 cents or under. I hoped I had the minister practically converted to the idea that the cost of upkeep in connection with the levying of a tax on 15 cent calls, which would be about nine-tenths of one cent each at the six per cent rate, would amount to as much as the total taxes that would be collected as a result of this imposition. I would again urge upon the minister that this falls upon a class who are at the present time carrying about all they can bear in the way of taxes, and in many cases a little more. It will cause a good deal of friction and difficulty, and it cannot possibly bring much revenue. I was going to suggest to the minister that possibly he might see his way clear to do something in connection with the proviso in subsection 2 of section 25 of the act:

Provided further that the tax imposed by this subsection shall in no case be greater than 25 cents on any one call.

He might add, provided also that no tax shall be imposed on calls of 15 cents or less.

Mr. RHODES: Before the adjournment hour my hon. friend, inadvertently, I am sure, quoted me as having said something which certainly I did not intend to say, and which I do not think I said. If I remember correctly, he said that I had stated that no companies objected to this tax. I did not say that. What I said was that this form of taxation had been put forward because of representations made by companies. As regards the cost of administration, the telephone companies assured me that the method which is proposed in this measure is the one which will be most convenient, least expensive, and least difficult to handle. I do not assert my own views as of any value, but I may say that I approached the subject with an open mind. My idea was solely to tap a source of additional revenue. I do not think the fears of my hon. friend will be justified if the bill is passed in its present form, either as regards difficulty in collection or as regards the burden imposed. While, perhaps, it would be desirable from many points of view to exempt messages which pay a low toll, on the other hand, they are messages in respect to which the taxation is very light indeed. So that whatever method may be suggested, we are bound to encounter difficulties. I am satisfied, however, that on the whole the legislation which is now before the committee presents the minimum of difficulty.

Mr. MARCIL: Some time ago I had the pleasure of sending on to the minister a communication from the Gaspe and Bonaventure Telephone Company, a local concern operating in the counties of Gaspe and Bonaventure, connecting with the New Brunswick system at Campbellton. They object to the tax on small tolls. Under the present system, if you telephone to a municipality adjoining the one in which you reside you have to pay a toll, but I understand that if a user is charged a toll of one dollar he has to pay six per cent.

Mr. RHODES: Yes.

Mr. MARCIL: He may telephone six times at fifteen cents a call and pay only six cents.

Mr. RHODES: Yes. If he had 10 ten cent messages the tax would be six cents.

Mr. NICHOLSON: Can the minister give me an interpretation of what long distance calls might mean in circumstances like the following? I understood the minister to say this morning, with regard to local telephone organizations in his own province of Nova Scotia, covering a wide area, that there would be no long distance charge because of the fact that the citizens themselves controlled the system. They were local telephone companies with no outside or long distance connection. In the district of northern Ontario there are six or seven local township telephone organizations. The farmers themselves and the citizens in the villages group together into a small local system and there is a company that unites the whole group on Manitoulin island exclusively. One township connects with another through this non-metallic line, I may say. They have no chance of connecting with the Bell, no possible connection except in that district. Would a call from one township circuit to another township circuit by this company line come under the tax of six per cent in respect of calls of ten cents or fifteen cents, in one township or the other, as the case may be.

Mr. HEENAN: I have a letter from the commissioners of a system similar to the telephone system to which my hon. friend has referred. Along the Rainy river there are quite a number of municipalities and they

all practically own their own little telephone systems, all of them being joined in a larger rural organization. A message from one of these municipalities to another some distance away would be regarded as a long distance telephone call; it is so now. These people are poor farmers who are clearing jack pine lots. They would not mind paying on a long distance call to Winnipeg, a distance of 200 miles, but when they communicate from one municipality to another, going through each other's exchange, it is hardly fair to burden the residents in that part of the country with the extra taxation. The letter is signed by A. Sutton, secretary of the municipality of Chapple. I thought I would bring this matter up, and perhaps the minister can give me an answer when he replies to the hon. member for East Algoma.

Mr. RHODES: As I understood it, if the annual charge which the individual subscriber pays for telephone use permits the unlimited use of that telephone, within the circuit owned by the company, no matter how far it may go, how wide an area it may cover, then none of these messages would be subject to the tax. But if the subscriber is called upon, by reason of connection with other companies, to pay what is known as a long distance toll, then that long distance toll would be subject to the tax. I cannot speak with regard to the situation on Manitoulin island; I shall have to make a more careful inquiry. It would be impossible to give a correct interpretation with regard to an individual district. If that is what is known as a municipal owned line and the subscribers have the unlimited use of the service, then they would not be subject to the tax, but if it involves an additional charge when they connect up with another area, the tax would be imposed.

Mr. SPOTTON: Mr. Chairman, I desire to express my appreciation of the change the minister has made. I think it is a very fair arrangement but I agree with the hon. member for West Middlesex (Mr. Elliott) when he says that you can scarcely call a ten cent toll a long distance feeder charge. I have in mind certain farmers' telephone companies who have their centrals located out in the townships. In some cases these centrals are six miles or more from the marketing towns. A line goes into town to connect up with the Bell telephone and there is generally a charge of five or ten cents for this connection. I do not think such a call can be called a long distance call. I know there would be probably many difficulties in working this out but I suggest that the minister leave the door open for the officials to use their discretion.

I have one case in mind of a telephone company with its head office in a town of about five thousand. A charge of ten cents is made for a connection with the Bell telephone. These companies are doing a country business which the Bell telephone has refused to do. I had something to do with the formation of a telephone company twenty-five years ago, and I know that at that time the Bell telephone was out to crush every movement for an independent telephone system. However, these companies finally got on their feet and now the Bell Telephone Company sends its representatives around to try to help them out. I am afraid an opportunity will be afforded to the Bell Telephone Company to buy these companies out; it will be another step towards a complete monopoly. If these switching charges and calls to marketing towns could be left out of the definition of a long distance call, I think a great deal of the annoyance would be eliminated. I do not think a ten cent call should be considered a long distance call.

Mr. RHODES: I stated at an earlier period, I think when we were in committee on the resolution, that it was my judgment that a switching or service charge as such would not be subject to the tax. That is my interpretation of the bill, but if the call is what is known in the terminology of the telephone company as a long distance call, then it would be subject to the tax. There may be instances where service charges are not to be confused with long distance charges, and in that regard I can see no difficulty. I may say that if the situation as just outlined can be dealt with administratively there will be no desire on the part of the government to work hardship upon those users to whom my hon. friend has referred.

Mr. SPROULE: Many of these rural lines are owned by the municipalities or are run under private ownership and the Bell Telephone Company will have nothing to do with them except to exchange calls, perhaps for a five cent charge, but this charge is listed as a long distance call. I assume the minister was referring to the Bell telephone people when he said that it would be easier to figure a six per cent tax, but I do not think this company deserves much sympathy. They have lowered salaries but they have not lowered rates, and I think it is about time they should do something to meet the needs of the agricultural people. I would not have so much objection to the tax being applied on calls costing from twenty-five cents up, but I do not think it should be applied to these five-cent exchange calls. Those people who have

been economizing to build these rural lines are going to be directly hit by this tax. I can understand the minister's difficulty in raising revenue, but I think he must admit that this tax will cause a great deal of confusion. I suppose the Bell telephone people will expect remuneration for collecting this tax and when they are through with their charges I do not suppose the government will get very much out of it.

Mr. MORAND: There is another phase of this matter to which I should like to refer. The Bell Telephone Company has set up exchanges in the towns ten or fifteen miles out from many cities, and a charge of ten or fifteen cents is made on all calls. Most of the business in these smaller towns is done with the larger cities and although the yearly charge may not be so great, these ten cent charges mount up considerably. These charges are listed on the bills as long distance calls but in my opinion they should not be subject to this tax. These calls are made in the ordinary course of business, because of them the cost of the telephone is very high and if an extra six per cent tax is added it will make the cost exorbitant to these telephone users.

Mr. COOTE: I protest again against this tax and ask the minister if he will not drop it now, and not to entertain the idea of continuing it a year. In Alberta we have a government owned telephone system which is dependent for patronage principally upon the farmers. As everyone knows the farmers have had a very difficult time, the price of wheat having dropped to one-third its former level. The farmer has been advised to go into mixed farming, and many of these farmers are to-day producing more butter and eggs than they ever did before. They are finding great difficulty in paying their telephone bills with eggs at two cents a dozen and butter at thirteen cents a pound, and they will find it still more difficult if the government imposes a tax on telephone charges. These people must put in long distance calls when they want a doctor, hospital or other emergency service. The situation to-day is so bad that many of the farmers have been forced to take out their telephones and those who are endeavouring to retain their telephones should not be penalized at this time with a tax of this nature. It is absolutely foolish for the government at the present time to impose on the Canadian people a tax of this kind. They are in no condition whatever to pay it; the only way in which they can get their money is through the sale of those commodities of which I have spoken. Let me repeat, so that this may sink into the minds of some hon. members: with eggs at two or three cents a dozen at country points, these people cannot pay any more for their telephones than they are now doing, and it is not right for us to tax out of people's homes, those conveniences which they have been at great expense to install. That is what we are doing to-day and I want to protest very vigorously against it.

Mr. RHODES: I do not think a six per cent tax upon telephone tolls will have the effect of taxing telephones out of their homes.

Miss MACPHAIL: Yes, it will.

Mr. RHODES: I am not for a moment suggesting that a six per cent tax is not an additional obligation to be met, but I would ask that the question of the rate be deferred for a little while. I shall revert to it before we take the bill out of committee. I am making some inquiries with respect to the question whether we can meet this situation in an administrative way. If not, I shall endeavour to suggest an amendment which will, I think, meet the great majority of the objections of members of the committee.

Miss MACPHAIL: I could not hear the minister's last statement, but if the six per cent tax still stands, I want to say once again that it is a foolish tax, certainly from the government's point of view. May I point out that it will not endear the government to users of telephones, but the government, of course, must take that risk, no matter where it gets the tax. It is true that farmers are taking out telephones by the score, and this additional cost will persuade many more of them to take out their telephones. This is a very bad thing for the telephone companies, because in my constituency they are at present losing whole lines of telephones, and I presume this is only typical of what is going on in other places. If that is the situation, may I point out to the minister that we are just adding to our unemployment problem. Fewer people will be working on our telephone lines, and the whole process of tightening up business will continue. We take another turn on the spiral downward. Therefore I think this tax is extremely foolish; it will not bring in any appreciable amount of money and it will be irritating to those who have to estimate it, to the farmers and to the telephone companies. I am not sure whether the amount it will bring in will, even from the government's point of view, be worth all the irritation it will cause. I say to the minister quite sincerely: It will undoubtedly increase the number of telephones that will be taken out all over Canada.

Mr. RHODES: I can assure the hon. member for Southeast Grey that the government is labouring under no delusion on the ground of the popularity of either this or any other taxation measure. In fact, I do not know of any tax which is popular. The problem of all governments is to find a tax which may be least objectionable. But my hon. friend did not, I think, hear what I said. I said that I am making inquiries at the moment to see whether we can deal with the matter administratively so that the smaller tolls will not be subject to tax. If we find it cannot be met in that way, before the bill is taken out of committee I shall propose an amendment which, I think, will meet the objection.

Just one other word if I may. This is not a small matter, because the tax is estimated to bring in a minimum of three-quarters of a million dollars a year and in normal times it would bring in more than that.

Mr. ELLIOTT: My hon. friend is not referring to the tax the removal of which we have suggested?

Mr. RHODES: I am referring to the tax on long distance tolls. Whether it is a wise tax or not I cannot say, but our neighbours to the south, in meeting their difficulties, are imposing a similar tax, so we are not breaking new ground.

Mr. BOYES: I wish to make just a few remarks in connection with this tax on telephone calls. I have been interested in the observations made by several speakers in regard to local telephone companies and the transfer charges. I thank the minister for the change which he has made in connection with the tax on telephone calls. In the first place it was suggested that on all telephone calls from fifteen cents upwards we would have a tax of five cents. This is now changed to the present method. But the suggestion that I wish to offer and that, I believe, might be in some respects a solution, is that we eliminate the tax on all calls up to possibly twenty-five or thirty cents. It has been suggested that the exemption should be even higher than that. I understand now that the proposition is that calls amounting to fifteen cents and upwards shall all be taxed at the rate of six per cent. If we would eliminate from the tax all calls, say up to twenty-five or thirty cents, we might then eliminate those transfer charges which have been mentioned by a number on this side of the house.

Mr. RHODES: As a result of the inquiry I have made, I have not altogether satisfied myself that we can deal with this matter administratively, so I am going to propose an amendment to section 25 to read as follows:

By adding after the word "call" in line 30 on page 7, the words "costing more than fifteen cents."

That will eliminate from a percentage tax all tolls up to and including fifteen cents.

Mr. RYCKMAN: I move accordingly.

The CHAIRMAN: This amendment should come on section 25. We have passed that.

Mr. RHODES: We shall have to move reconsideration. The amendment is to clause 3 of the bill, paragraph 25.

The CHAIRMAN: Mr. Ryckman moves:

That clause 3, paragraph 25, be amended by adding after the word "call" in line 30, the words "costing more than fifteen cents."

Amendment agreed to.

Section as amended agreed to.

On section 12—Excise tax of three per cent on duty paid value.

Mr. NICHOLSON: I should like to draw the attention of the Minister of Finance to another excise matter. In this morning's Ottawa Journal, in the first column on the front page, there is an article headed "Canada stands to lose millions by United States action." The action is to place an excise duty on lumber and copper going from Canada to the United States and this virtually means a prohibition in relation to both of those commodities.

Mr. SPENCER: Reciprocity.

Mr. NICHOLSON: Yes. Before I get through, I intend to suggest reciprocity. As regards copper, we exported to the United States approximately $13,000,000 worth of raw or blistered copper and we imported from the United States in copper rods, copper plate and other lines of manufactured copper, $14,500,000 worth, while at the same time our own copper refineries were standing idle, the one, for instance, at Sudbury. This action of the United States is aimed directly at the Consolidated Mining and Smelting Company of British Columbia, the International Nickel Company of Ontario, and Noranda Mines of Quebec, to make it impossible for them to export their copper to the United States. I would suggest that we place an excise duty on copper entering Canada from the United States which shall be at least equivalent to the excise duty they have placed on Canadian

copper entering the United States, and in addition I would put an export duty on nickel, which is produced by some of the companies which are hit by this action on the part of the United States Senate.

Coming to the question of lumber, as I said on Friday evening last, it is true that we have a balance of trade in our favour in lumber as compared with the United States. We exported last year about fifteen million dollars' worth of lumber and imported about six and a half million dollars' worth, but in addition, let me repeat, we imported very much more than our favourable balance amounted to in the way of lumbering equipment, saw-mill machinery, saws, and so forth, from the United States. At the present time lumber is being dumped into Ontario and Quebec, the only market virtually that is left, from Idaho, Wisconsin and Michigan, and it is southern pine, low-grade lumber which is getting the market in Ontario, Quebec, Nova Scotia, New Brunswick and British Columbia to the exclusion of our own Canadian lumber. In addition, within the last ten days or two weeks the American railways have reduced their freight rates from the south and from the west as far west as Idaho to Ontario and Quebec, coming in over the Michigan Central and the Pere Marquette railway, ranging from two to three and a half cents per one hundred pounds, or sixty cents to one dollar per one thousand feet board measure of lumber. When you take into consideration the excise tax also, it means that we are at a disadvantage of from $4.50 to $5.00 per thousand feet board measure. We have mills idle all over Canada and tens of thousands of workmen are idle. The mills in the Ottawa valley and in northern Ontario and northern Quebec are standing idle.

Mr. RHODES: I must ask my hon. friend from East Algoma to excuse me but I must rise to a point of order. If my hon. friend is to have the right to indulge in a debate which ought to be made either upon the budget or on a motion to go into supply every hon. member of this house will have that right. I submit that whatever merit there may be in my hon. friend's argument, and I am not questioning the merits in the slightest degree, he is dealing entirely with matters of tariffs. The bill before us has no reference to tariffs. It deals with taxation. It is a bill to raise revenue, and my hon. friend I am sure will not think me disrespectful if I do not reply to the argument he has made. It will be quite competent for him to make his argument at a later stage on a motion to go into supply, but by no stretch of imagination can it be brought within the four corners of this bill and much less of the section we are now dealing with, and it is only fair to the committee, Mr. Chairman, that I should bring that to your attention.

Mr. NICHOLSON: I have no desire to transgress the rules of the house but I submit that what I am dealing with is strictly an excise matter because I am dealing with the excise tax on our products entering the United States. I submit further that the right hon. leader of the opposition before the adjournment at one o'clock spoke for forty minutes and discussed everything within the scope of tariffs and taxation, the Imperial conference and arrangements that might be made for an interchange of commodities not only within the empire but with the outside world as well. However, I am content to leave the matter for the present until the house goes into supply, but I shall bring it before the house before prorogation.

Section agreed to.

On section 13—Monthly returns of taxable sales.

Mr. EULER: I notice that by subsection 3 the penalty has been reduced from twenty-five to ten dollars. What is the reason for that?

Mr. RHODES: There is no reduction, but a minimum penalty is fixed.

Mr. EULER: I note that the explanation on page 16 of the bill says that the section has been further amended to provide a minimum penalty of ten dollars instead of a maximum penalty of not more than twenty-five dollars.

Mr. RHODES: Discretion is left to the magistrate to impose a penalty ranging from ten to one hundred dollars.

Section agreed to.

Sections 14 to 19 inclusive agreed to.

Bill reported.

Mr. RHODES moved the third reading of the bill.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Just before the bill is read the third time, Mr. Speaker, I should like to make another appeal to my hon. friend the Minister of Finance (Mr. Rhodes) and through him to the ministry with respect to considering if even yet it might not be possible to exempt from this special excise tax or customs tax, as it really is, goods being imported into Canada from other

parts of the British Empire, thereby making self-evident to all parts of the empire and to the world at large the desire of our country to further inter-imperial trade by preferences. May I say to the government that "now's the day and now's the hour." This is Empire day. We are in the last hours of the session, and we are on the eve of an Imperial economic conference. Action of the kind taken by the government at this time would, I submit, create a very favourable atmosphere for the purposes of the conference and would be furthering in a concrete manner the introduction and extension of the preference.

There is one other aspect which I should like to call to the attention of hon. gentlemen opposite. There could be no finer evidence of the unanimous desire of members of all political parties in this House of Commons to further the development of trade within the empire by preferences than an action of that kind. I am sure if the ministry found it possible to take that step all hon. members on this side would support them, heartily. There would go out to all parts of the empire to-day, a declaration from this parliament, that all parties were united on a policy of empire preference, all united in action taken by the government which would give preference to all parts of the British empire. If done, it would anticipate as well the atmosphere which we hope will prevail while the conference is in session.

Right Hon. R. B. BENNETT (Prime Minister): As the Minister of Finance (Mr. Rhodes) has already spoken in moving the third reading of the bill, I think it is perhaps appropriate for me to make a few observations. Those of us who have followed the proceedings in this house; those of us who followed the speeches throughout the recess of the right hon. gentleman who has just spoken, will realize that a very short word of four letters would describe the utterances to which we have just listened. But I shall not use that word; it may not sound well in this parliament. Those of us who read the speech delivered at Barrie, and the speech delivered at Winnipeg, and the utterances delivered in this house know just how much value to attach to the observations to which we have just listened. This gesture—this fine talk—this—

An hon. MEMBER: Say what you mean.

Mr. BENNETT: I shall say exactly what I mean. It is just calculated for external consumption, in the hope that someone may cable it to some newspapers, and have it noised throughout the world. Everybody in the house knows it; there is not a single member of this house who does not know it. Because, to rise on the third reading of a customs tariff bill and make a suggestion of that kind is only open to one construction. We are all familiar with it. The government has no intention at this stage of changing the policy which the Minister of Finance presented with his budget to this house, which has not only passed the resolution but has passed the bill now standing for third reading. And when it stands for third reading we have a repetition of what has been said at least three times in my hearing—I do not know how many times before—and there is an effort to add strength to it by repeating it. Does anyone think, anyone who is a serious member of this house—does a single hon. member think that the remarks of the right hon. gentleman are for any purpose but the hope of impressing someone?

Mr. LAPOINTE: It is a great answer.

Mr. BENNETT: But it is a true answer.

Mr. LAPOINTE: What a spectacle.

Mr. BENNETT: It is based on fact, and it seems to have disturbed the mind of the ex-Minister of Justice whose speeches in this house with respect to the empire are so edifying, but whose speeches made elsewhere are not so edifying. There has not been a single moment since this conference was suggested that hon. gentlemen opposite have not in every way in their power belittled it. They followed that course until they found it was an actuality. Now, confronted with the fact that it is an actuality they are endeavouring to make political capital out of it. The people of this country have intelligence; they understand. Everybody understands it, and everybody who reads the press reports understands it. If it is the desire of the right hon. gentleman, for the tenth time, to enter into a long discussion, to prostitute the glorious traditions of a great holiday for the purpose of making political capital out of it, I am content. No one believes for a moment that it accomplishes anything. The government in introducing this measure must have given some consideration to it; the Minister of Finance must have understood it when he presented it to this house. The budget was voted upon, and the number of votes recorded must give at least some indication of the general attitude of mind in this house and in the country.

Now, on the third reading, it is suggested that a change be made. No such change is contemplated; if it had been it would have

been made before the bill was introduced. Having passed through this house, first as resolutions and now as a bill it will stand for third reading. Of course it will go through as it is, as it has been adopted by the house, without change.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I sincerely hope the people of Canada will read the answer the right hon. gentleman has just delivered.

Mr. BENNETT: So do I, so do I.

Mr. LAPOINTE: His remarks have been made in reply to a suggestion by the leader of the opposition that Canada should follow the example of Great Britain at the present time, before the Imperial economic conference, and exempt from this additional taxation on imports the products which might come from Great Britain or from the other dominions. The suggestion has been to follow Great Britain's plan with regard to products from Canada. My right hon. friend the Prime Minister has not given a single reason why this should not be done. He has merely thrown a heap of abuse on the head of the right hon leader of the opposition.

Mr. BENNETT: Hear, hear.

Mr. LAPOINTE: I myself have not been free from the lecture by the Prime Minister. Let me tell him only this, that after listening to his vituperations of to-day—

Mr. MOTHERWELL: That is the word.

Mr. LAPOINTE: —no one could wonder at the qualification applied to him two years ago by a member of the British government.

Mr. BENNETT: That is the reason we are having the conference.

Mr. LAPOINTE: If my right hon. friend opposite attends the Imperial economic conference in the same spirit he has exhibited to-day, and the same spirit exhibited two years ago, I am afraid it will be a failure.

Mr. BENNETT: You hope so, anyway.

Mr. LAPOINTE: I only hope that my right hon. friend will stabilize his nerves a little bit during the next two months and that he will be in a better position to speak intelligently and reasonably on the great problems with which he will be confronted.

Some hon. MEMBERS: Carried.

Mr. LAPOINTE: We will not stand this abuse any more.

Mr. BENNETT: I would not, if I were you.

Mr. LAPOINTE: And I won't.

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

MONTREAL HARBOUR COMMISSION

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 98, to amend the Montreal Harbour Commissioners' Act, 1894.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Harbour property vested in crown.

Mr. COOTE: Will the minister say a few words in explanation of the bill?

Mr. DURANLEAU: On the first reading I gave a brief explanation, but if my hon. friend so desires I shall be very happy to supplement it. The object of the bill is to vest in the crown all the properties belonging to the harbour commissioners of Montreal. I refer to all those properties within and outside of the limits of the harbour of Montreal. Both shores of the St. Lawrence river are within the limits of the Montreal harbour. A few years ago, to cope with the developing trade, the harbour commissioners were obliged to extend their facilities beyond the harbour limits; for instance, the extension of No. 3 elevator is outside the boundaries of the harbour. By its original act, 57 and 58 Victoria, chapter 48, sections 20 and 21, the harbour commission of Montreal has the right to expropriate property outside its limits in order to extend its facilities. At present all the facilities within the limits are vested in the crown, and the purpose of this bill is to remove the anomaly of the facilities outside the limits being vested in the harbour commission.

Mr. GARDINER: Is there legislation limiting the area of the harbour?

Mr. DURANLEAU: Yes.

Mr. GARDINER: Are the limits defined therein?

Mr. DURANLEAU: Yes, the limits of the harbour were defined by statute 4 and 5,

George V. At certain points the property is too narrow to erect any building, so the commission were granted power, by expropriation or otherwise, to acquire facilities outside the limits.

Mr. GARDINER: Would it not be better to take into consideration some time in the future the possibility of extending the area of the harbour?

Mr. DURANLEAU: When we have acquired the necessary area for the extension of the harbour facilities we might ask parliament to extend the limits.

Mr. GARDINER: Are these facilities outside the present limits of the harbour commission?

Mr. DURANLEAU: Yes.

Mr. COOTE: This bill will vest in the government all property now owned by the harbour commission, elevators and everything else?

Mr. DURANLEAU: Yes.

Mr. COOTE: Then does not the government assume all the obligations of the commission?

Mr. DURANLEAU: We do not assume any responsibility. The properties are in the name of the crown, but they are administered by the harbour commission.

Mr. GARDINER: The corporation—the harbour commission—would have to be sued?

Mr. DURANLEAU: Yes.

Mr. COOTE: If the property is vested in the crown the commission will have no assets.

Mr. DURANLEAU: The harbour commission have no other assets than those which they are administering at the present time, and those are the assets of the crown.

Mr. COOTE: Then they are simply administering the assets of the crown?

Mr. DURANLEAU: Exactly.

Mr. COOTE: Then must not the crown assume all the liabilities?

Mr. DURANLEAU: Through the harbour commission, because the act constituting the commission makes them responsible, although the properties are vested in the crown.

Mr. COOTE: At the present time are all the liabilities of the harbour commission guaranteed by the crown?

Mr. DURANLEAU: The liabilities of the harbour commission which are guaranteed by the crown were guaranteed by special statute. For instance, the crown was authorized by parliament to endorse the bonds for the Montreal bridge. In the absence of express guarantee there is no responsibility.

Mr. COOTE: Has the minister any information as to the value of the properties owned by the harbour commission affected by this bill?

Mr. DURANLEAU: Yes; their value is about $2,500,000.

Mr. COOTE: Including the Montreal harbour bridge?

Mr. DURANLEAU: No; the property expropriated for the approaches of the bridge, but not the bridge itself. The main part of the bridge is within the limits of the harbour.

Mr. EULER: By this action is the crown assuming any greater liability than it would have had without this bill?

Mr. DURANLEAU: No.

Mr. EULER: Nothing more?

Mr. DURANLEAU: No.

Mr. EULER: They are not taking over any liabilities for which they were not responsible heretofore?

Mr. DURANLEAU: No. All the other properties have been vested in the crown for years, and we have never been troubled with any responsibility concerning those properties.

Mr. EULER: That is, any obligations entered into by the harbour commission were also obligations of the Dominion government?

Mr. BENNETT: As guarantors.

Mr. EULER: In all cases?

Mr. DURANLEAU: When we were guarantors.

Mr. EULER: Were any securities issued for which the crown did not guarantee payment; and if so, are they now taking over those securities for which before they were not responsible?

Mr. DURANLEAU: No. By this bill the crown does not assume any additional responsibility. The only responsibility it takes is under statute as in the case of the bonds for the harbour bridge.

Mr. EULER: But I presume that in future the crown will guarantee everything because it owns all the properties.

Mr. DURANLEAU: The crown has always held all the property of the harbour commission within the harbour limits, and that constitutes the bulk of the property.

Mr. EULER: When any obligations were issued by the Montreal harbour commission did the crown always guarantee payment, or did it do so only in some instances.

Mr. DURANLEAU: We do not guarantee the obligations of the harbour commission except by statute. The ordinary liabilities of the harbour commission were never guaranteed by the crown.

Mr. EULER: All right. In future by reason of the fact of taking over the property, will the crown become guarantor where formerly it was not? I am trying to find out whether the crown is assuming greater liability than ordinarily it had before.

Mr. DURANLEAU: I do not see that the crown is assuming any more responsibility than it has had up to date. We are only dealing with certain facilities that are not now vested in the crown.

Mr. EULER: Were there any obligations in connection with these additional facilities; and if so, does the crown now assume those obligations?

Mr. DURANLEAU: I do not think so.

Mr. EULER: It is rather important.

Mr. DURANLEAU: For instance, I do not see that there can be any liability with respect to these properties, because the harbour commission does not borrow money on them by way of mortgage.

Mr. MARCIL: As the minister represents the south shore of the St. Lawrence in the city of Montreal, naturally he is very much interested in the progress that is being made in connection with the harbour. If I understand correctly, the object of the bill is to cover certain purchases of land made by the harbour commission for the approaches of the bridge which are not now included in the limits of the harbour.

Mr. DURANLEAU: Not only those properties, but other properties which were purchased, for instance, in connection with the extension of elevator No. 3. This extension is outside the limit of the harbour. It has nothing to do with the approaches to the bridge.

Mr. EULER: Does this action with regard to the Montreal harbour differ from that with regard to the other harbours of Canada? Is an exception being made here?

Mr. DURANLEAU: No, it is the same thing.

Mr. MARCIL: I see a lot of complaints in the Montreal press that proper advantage is not taken of the Montreal bridge for the reason that the public have not the facilities they should have. I should like to know from the minister what kind of traffic goes over the bridge. Is a street railway system contemplated, and is there any access to St. Helen island's park, which is the most popular resort for the poor people of Montreal? Is any special inducement being held out to traffic generally? For many years before the construction of the bridge, the only communication between the south shore and the north shore was by means of a ferry running from Longueuil to the foot of St. Mary's current, but later on, with the enlargement of the Victoria bridge, a siding was placed on the bridge whereby some traffic was allowed to pass. That ultimately became insufficient and now I should like to know whether all the facilities which it is possible to give the public are being taken advantage of through the erection of this bridge, which has cost a large sum of money. I should think that the minister, representing that part of the province of Quebec which abuts on this bridge, would be delighted to give the public all the facilities possible. Will he give us an idea what kind of traffic goes over the bridge?

Mr. DURANLEAU: As is well known, there is a middle space on the bridge which is used by automobiles, and on each side there is a sidewalk for pedestrians. Between the sidewalks and the middle of the bridge used by automobiles there is a space for the installation of tracks for a tramway. Last year, instead of the tracks being installed, an agreement was entered into with the Montreal Tramways Company for an autobus service on the bridge, the fare being ten cents, with the right of transfer on the lines of the Montreal Tramways. A citizen leaving the south shore, Longueuil, for instance, pays ten cents and enjoys first class bus service; and when on the Montreal side he can travel on the main lines of the Montreal Tramways Company. The people of Montreal and on the south shore are quite satisfied with the service that has been provided. There is a five or six minute autobus service on the bridge. We had an eight months' agreement and at the present time there is under consideration another agreement for a certain number of years. I know that the city of Montreal some time ago requested the harbour commission to permit children to go to St. Helen island free. The matter is now under discussion, but this committee will

realize that the expenses in connection with that bridge, as well as the interest to be paid on bonds, were so considerable that we must be careful about the revenues of the bridge. We must see that it will bring in as much revenue as possible in order to reduce and, if possible, to discharge the deficit.

Mr. MARCIL: Are horse-drawn vehicles barred from the bridge? Farmers do not own automobiles and they would like to cross.

Mr. DURANLEAU: Yes; such vehicles are allowed at a reasonable rate.

Section agreed to.

Bill reported, read the third time and passed.

SOLDIER SETTLEMENT ACT

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization) moved the second reading of Bill No. 100, to amend the Soldier Settlement Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Transfer of lands to province or municipality.

Mr. REID: In the supplementary estimates there is an item of $394,497 for payment of taxes in three provinces only. Is there any item in the estimates in respect of other provinces?

Mr. GORDON: The item in the estimates to which the hon. gentleman refers is in fulfilment of an arrangement, sometimes called an agreement, which was entered into on March 29, 1930, among what is known as the Union of Western Municipalities, with respect to the payment of taxes on soldiers' lands. As I explained when the bill came up for first reading, it has been pointed out to the department that it is very questionable whether the department had the legal right to pay taxes other than taxes upon lands occupied by settlers as defined in the act. The item in the supplementary estimates to which reference has been made is to pay taxes in accordance with the agreement then entered into.

Mr. REID: Why was not British Columbia included? That province, a few years ago, made representations to the Dominion government and also to the Canadian Union of Municipalities. I notice that in the supplementaries the reference is to Manitoba, Saskatchewan and Alberta.

[Mr. Duranleau.]

Mr. GORDON: This bill now has general application all over Canada. I cannot give any information with respect to the negotiations that preceded the entering-into of that agreement.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

WATERTON GLACIER INTERNATIONAL PEACE PARK

The house resumed from Monday, May 23, consideration in committee of Bill No. 97, respecting the Waterton Glacier International Peace Park—Mr. Murphy—Mr. LaVergne in the chair.

On section 1—Proclamation.

Mr. MOTHERWELL: Mr. Chairman, the committee will remember that last evening I was in search of information with respect to this park, and I was able to obtain some from the remarks of the Minister of the Interior (Mr. Murphy). In justice to the bill and in justice to myself I do not think there is anything which would justify my opposition, in fact I think I will be obliged to support the bill but I regret very much the circumstances under which it was brought into existence. Why was it necessary to convert two previous national parks into an international peace park at a time when the Turtle mountain peace garden was just developing through the initiative of the people themselves? If ever a movement started spontaneously and with the real spirit of peace behind it, it was the Turtle mountain peace garden. When men put their hands in their pockets and get behind a proposition of this kind, it shows they have faith in the proposition. It is a comparatively easy matter for a body of Rotarians to shout for a park on the boundary line between the two countries when it does not necessitate their paying out any money. They appeal to the respective governments to go to it, they say they are behind it and forget the effect it may have on other proposals. There seems to be a desire on the part of larger bodies represented by the Waterton Glacier International Peace Park to thrust themselves into the front at this time regardless of the effect it may have on other similar enterprises. The government will have to change its attitude unless it wants to be considered guilty of pre-natal strangulation of the Turtle mountain peace garden. That is what it is, particularly when it is realized that the

birth date is due in less than two months July 14. The government should attempt to retrieve itself from occupying that unenviable position. Why is it necessary to move at this time? Are either of these parks, Waterton or Glacier in Alberta and Montana respectively, going to run away in the meantime? They have been there from time immemorial and they will be there after we have all passed away. The government should have waited at least until the birth date of the Turtle mountain proposition instead of butting in at this critical time.

It would seem as though this government cannot do the smallest public service without putting its foot in it. It disregards entirely the biblical injunction to "let not their good be evil spoken of." This park in Alberta is a good thing but no one can contemplate it without feeling that it has been conceived in a wrong spirit, one quite contrary to the spirit of peace. It seems to me a most astonishing thing that no matter what this government does it seems to go at it in the wrong way. That may be due to some innate cussedness on our part over here, but—

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: —I can refer to a dozen instances like this, although this is the most recent outstanding case of acting in haste and repenting at leisure. If ever a body of men went at a thing wrong end foremost, it has been hon. gentlemen opposite in connection with this park. I should like to read to the committee a telegram which shows how some of our Dakota friends feel about this matter. This telegram was sent by the representatives of the Protective Peace Garden Association of North Dakota to Hon. Gerald P. Nye, of the United States Senate. It reads:

The United States section of the International Peace Garden Protective Association comprising the towns of Saint John, Rugby, Dunseith, Bottineau, Souris, including all religious, fraternal and social service organizations of the entire Turtle mountain area in mass indignation meeting assembled, vigorously protest against the prior passage in the United States Senate of the Glacier-Waterton Peace Park bill being as it is a parasite originating in and subsisting upon the very life blood of the international peace garden Turtle mountain project from whose prior inception and organization the former has purloined its crest, motto, synonym and ideal and thus masked is invading an international field sacred in the arts of the school children and the men and women of both countries. It is a heart-thrust that must be averted. Surely Senator Walsh, an executive committee member of the peace garden project, will see the deception being practised, denounce it and withdraw the measure.

If the government could see its way clear to adopt that course without defaulting in its international agreement with the United States, that is what it should do in justice to itself and to the Turtle mountain proposal. If the government believes in having only one park between the Rocky mountains and Winnipeg, then it must continue with the one represented by this bill and pay no regard to the proposition at Turtle mountain. If it believes in two parks, why should not both parks be treated alike? In view of the international obligations which apparently have been entered into with respect to this Alberta foothill park, that is the only course which can be followed in fairness to the province of Manitoba and that part of Saskatchewan which was behind Manitoba. Turtle mountain should be made a national park and treated the same as the other one—Watertown glacier. Will the Minister of the Interior say that he will be good enough to take this matter under his, as we call it, very serious consideration? If it does not do that, then I am afraid he must be prepared to face trouble in Manitoba in the future. He will be preparing nails for his own political coffin. I have no such designs against the minister because for some reason or other I rather respect him. He is rather the opposite to some of the rest of us, he is a patient and mild mannered man. I know he would not tramp on a fly or a spider, and because of that I know I shall not receive the same kind of offensive reply as my right hon. leader did from the Prime Minister when he offered certain suggestions a few moments ago. In my opinion the only solution of this problem is to convert Turtle mountain peace garden into a national park, provided of course that the members of that organization of which I am a member—the international peace garden committee—are agreeable. Turtle mountain is being put in a relatively subordinate position to the park at the foothills of the Rockies, and nothing but disaster can result to the former unless some such proposal as I have suggested is taken up. The Prime Minister and the Minister of Finance naturally do not want to entertain any proposal that will involve further financial outlay at this time. Let them at least make the statement that possibly that might be the best solution and they will be pleased to enter into negotiations with respresentatives of the Turtle mountain peace garden with that end in view. I do not care a continental what the government does with the suggestion. That is the best proposal I can think of, and unless it or

something better is followed, some hon. members from Manitoba are liable to be badly hurt as a result of the government's blundering action in this respect.

Mr. BENNETT: The ex-Minister of Agriculture is unduly concerned about this situation. The matter was first brought to my attention by a suggestion that the congress of the United States desired to name the park which is contiguous to the Waterton park in Alberta, a peace park, and as regards the use of the word "peace" between countries that are contiguous, it seems to me no harm can be done if the word is used many times. What I said to the Minister of the Interior was substantially what was read last evening by the ex-Minister of Agriculture from a letter of the Under-Secretary of State, namely, that if the United States congress enacted the legislation in question and gave to the park on the United States side of the forty-ninth parallel of latitude the name "Waterton Glacier International Peace park," we would be prepared to do so with respect to that portion of this area that comprises the Canadian park, now known as the Waterton park. But I made it clear that this action would not be taken until after such action had been taken by the United States and the bill had been signed by the president.

In order to show the good faith of parliament, the Minister of the Interior placed the bill upon the order paper and it stood there, not for any reasons such as the suspicions of the hon. gentleman suggested last evening, but until the president had signed the bill passed by the United States congress. That bill was signed, I think, some ten days ago. After it had passed the Senate and the House of Representatives, it stood for some time unsigned. When the Minister of the Interior was advised that the bill had been signed by the president, he proceeded, when the opportunity offered, with the introduction of his bill, and I am sorry that the hon. gentleman last evening suggested that the minister made no explanation, for he did make a concise and clear explanation of the reasons for taking the action. The bill now stands for further consideration by the house.

Waterton Glacier park is some 700 or 800 miles west of the suggested peace garden. It seems rather strange to suggest that an open park, through which runs the boundary line between two countries, which is to be maintained on the Canadian side as a park as heretofore and on the United States side as a park as heretofore, but bearing the name "International Peace park," and which is between 700 and 800 miles west of the peace garden, should be inimical or destructive to the value of that peace garden. For my part I cannot follow that reasoning. I cannot understand in the least how it can be said to interfere with the peace garden in any way, shape or form. One is a natural park, just as nature has left it, except that roads have been constructed, hotels erected and various means taken to render its natural beauties more available to those who visit it. That is the Waterton park; that is the Glacier park. Now that they are merely to be known as one international peace park for the purpose of indicating that a boundary line passes through the park and divides two great countries and two great peoples who have lived in peace for many years and who, we all hope, will continue ever to live in terms of amity, good-will and peace, how that can affect a peace garden between Dakota and Manitoba, I am unable to understand. The very fact that the Minister of Agriculture in this government and the ex-Minister of Agriculture, are both, I believe, members of the executive or directing body of the peace garden organization; that the peace garden park, if you call it a park, because it is a garden, is very near the constituency of the Minister of the Interior in the province of Manitoba and that this peace park is west of the peace garden not only by part of Manitoba but the whole of Saskatchewan and is well towards the mountains in Alberta, should, it seems to me, in itself indicate that the government is not endeavouring, to use the language which the hon. gentleman used last night, to play any favourites with regard to those organizations. In the one instance a name is given to an international park and the word that has been introduced is "peace" —international peace park—by the action of the congress of the United States and the parliament of Canada. In the other case a voluntary organization, much to be commended, has established a peace garden some 800 miles east of that, between the state of Dakota and the province of Manitoba. That is the position.

I have recited the circumstances under which this bill finds a place upon the order paper and the exact reasons for its introduction, and certainly so far as I am able to understand from any persons with whom I have talked and who know the circumstances, they find it a little difficult to realize why you should imperil the existence of the one by giving a name to the other.

Mr. MOTHERWELL: I like the recital which the Prime Minister has given. If it had been given last night, it would have been news to me, but now that we have the in-

formation from the Minister of the Interior and others, there is nothing new in his recital. Still, I thank him for it. Apparently the Prime Minister is unable to enter into the conception of the Turtle mountain proposition. It originated four years ago with the spirit of peace within it, and the people who were interested in it were prepared to put their money behind it, the same in Dakota as in Manitoba. Just as this first proposition is on the point of being born—July 14—another project, international in nature, national at the present time, but proposed to be made international, has sprung into existence. It would be, if you like, a very commendable enterprise at any other time later than this; but not having by any means been born necessarily of a peace conception it is going to assert itself regardless of all consequences to the smaller enterprise at the Turtle mountain. I may be a fatalist or something of that nature, but I believe no great good can come of anything that is born of hate, jealousy, strife, or of any improper motive, and before this government can hope for any great results from any proposal they choose to designate a peace proposition, it should be originated with peace motives behind it. Whatever the present motive may be, there is no doubt what will happen to the Turtle mountain proposition unless it is sponsored by something stronger than private enterprise at a time like the present. Even supposing we had sufficient capital to take care of it at the outset how are you going to maintain it from month to month and from year to year when it has to live largely on private givings and under the shadow of such a great enterprise as the one proposed by this bill? Last night I used the expression "park at the foothills," as if on a parity with the Turtle mountain project, but I must admit I did not know then the extent of its present development. I have not one word to say against the proposition referred to in the bill, but it is coming into existence at a crucial time when it simply means the death of the other proposition. I speak of what I know from experience in such matters, and I speak of what the hon. gentlemen on the treasury benches must know. To finance privately a proposition of this kind now is one thing, but it was a vastly easier thing four years ago. Then it was thought nothing of to undertake a great proposition like that at Turtle mountain, but to do it now is an utter impossibility as I see it, and that is why I am urging the government to back up a little and start over again, and do for Turtle mountain what they are proposing to do in this bill for Waterton-Glacier peace park. Then you will really start on a peace basis with some chance of promoting peace, but as I indicated last night I do not see much object to be gained by precipitating disappointments and friction between the Canadian provinces for the sake of promoting peace between parts of Canada and parts of the United States. I am sorry if the Prime Minister cannot see that point of view. I can understand him refraining from entertaining any proposition which means more expenditure at this time. I do not know that my proposition would involve immediate expenditure. I do not even know if it would meet with the approval of the Turtle Mountain Peace Garden committee.

Mr. CAHAN: They have never applied for governmental action.

Mr. MOTHERWELL: I know they have not, and that is all the more reason why they have my entire sympathy. I have been in undertakings, not so huge as that but of the same nature, where the undertaking depended upon the voluntary offerings of individuals and I know what has happened to some of them, and how some of them hit me. I know just about what the finish of this Turtle mountain peace garden will be unless the government metes out the same kind of financial treatment in the one case as in the other.

Mr. BENNETT: Might I assure the hon. gentleman that no commitments as to expenditures on this park as a peace park have been given or asked for—not any; and nothing has been added to the expenditures that ordinarily are made in Waterton park, nor has it been requested. It is merely the question of a name because the two parks are contiguous and are known as the Glacier park on the one side and the Waterton park on the other.

Mr. MOTHERWELL: I am aware of that but a large expenditure has already been incurred and further expenditures will no doubt be incurred, for some development must take place in order to indicate and emphasize the international aspect of the park after this bill goes through.

Mr. COOTE: I would like to commend the government for their action in making Waterton park part of an international peace park. If I could I would gladly say something to allay the fears of the hon. member for Melville. I do not suppose I could do that except by assuring him that here are two parks lying opposite each other on the two sides of the international boundary, on the one side Glacier park, and on the other side Waterton park. Waterton lake itself, which is the

reason for that district being preserved as a national park, lies in the centre of Waterton park and extends into Glacier park, with about half of it in each park. It is an ideal site for an international peace park. There are some seven or eight hundred miles between this new international peace park and the peace garden, and I would suggest to the hon. member for Melville that when he goes west this summer he come out to Alberta and we will take him down to Waterton and show him this new international peace park. I am sure that if he could only see the location and the surroundings he would withdraw all opposition to this bill. He might still press for some assistance for the peace garden, but that is an entirely different matter. I do not think that the formation of the park asked for in this bill should be held up in any way because the hon. member for Melville may think that some assistance should be given to the peace garden. The two do not conflict at all, and I think it was a very happy suggestion to make these two parks an international peace park.

Mr. MOTHERWELL: Did my hon. friend hear the telegram that I read a few moments ago, sent to a United States senator by the people of Turtle mountain on the Dakota side? They feel about the same way as I do. I am not holding up this bill, and I have no thought of doing so. I would vote for it at once if it came to a vote. I think it is an excellent idea, but why should not similar treatment be meted out to Turtle mountain when nothing less will suffice to bring it into existence and maintain it under the new conditions occasioned by this bill. That is my view, and if my hon. friend will come down to Saskatchewan or on a visit to Turtle mountain I shall be very glad to accord him all the courtesies, but I am afraid that unless the government supports the proposition I shall not have that pleasure.

Mr. MURPHY: Just one word in regard to this project and I promise not to detain the committee or defeat the passage of my own bill. When the committee rose last night I was saying that along our international boundary we have many monuments and memorials to the peace that has existed between this country and the United States for one hundred years. One such memorial is located on the boundary line between British Columbia and the state of Washington, at White Rock, British Columbia, and at Blaine in the state of Washington. We have also the international peace bridge between Bridgeburg, Ontario, and Buffalo, New York, and we hope that this summer will see brought into being these two other memorials, namely, the international peace garden located on the boundary between Manitoba and North Dakota and the Waterton Glacier international peace park on the boundary line between the province of Alberta and the state of Montana. I do not share the fears of the hon. member for Melville that simply by naming this area as an international peace park we are in any way jeopardizing the success of the peace garden idea. I do not share those fears for this reason: The peace garden idea was brought into being through the voluntary efforts of citizens who are interested in promoting peace between the two countries, and in inculcating in the minds of the young the idea of peace for which all right-thinking people are striving. I do not see how, simply by naming an area some eight hundred miles to the westward as an international peace park, we are in any way jeopardizing the peace garden project. I agree with the Prime Minister that this does not interfere with the other project at all. It does not interfere in the slightest with the sentiment that has brought the peace garden idea into being. When we have people so much interested in bringing home to the minds of the young the ideal of peace, surely they are not going to cease their efforts now when their ideal has so nearly reached its consummation.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

RADIO BROADCASTING

CONSTITUTION OF COMMISSION FOR ACQUISITION, OPERATION, REGULATION AND CONTROL

The house resumed from Wednesday, May 18, consideration in committee of Bill No. 94, respecting radio broadcasting—Mr. Bennett—Mr. LaVergne in the chair.

Mr. BENNETT: Several sections were left standing in order that the meaning might be clarified. I think the first two sections had been passed as they stand. The third section as to the salaries of the commissioners is standing. I looked into the suggestion made by the ex-Minister of Justice, and I find that the chairman of the railway commission receives a salary of $12,500, the vice-chairman $9,000, and the others $8,000. It is thought by those with whom I come more intimately in contact, hon. members on this side of the house, that that would be too large a sum to pay at the commencement of this enter-

prise. My personal views I indicated the other day, but the trend of opinion seems to be that we should name $10,000 and $8,000 as the salaries to begin with. Does that suggestion commend itself to the committee generally? If it does I will move that the figures be inserted as $10,000 and $8,000 respectively.

Mr. STEWART (Edmonton): I think those would be generous salaries.

Mr. BENNETT: It all depends. I move that the blanks in subsection 2 of section 3 be filled in with the figures "$10,000" in the second line and "$8,000" in the last line thereof.

Amendment agreed to.

Section as amended agreed to.

Mr. BENNETT: The hon. member for Quebec South is not in the chamber, but may I say that after discussing the matter with my colleagues it was thought desirable, for this session at least, that the bill should stand without any provisions for superannuation, either payments or allowances. It was thought desirable to let it stand for this session.

The CHAIRMAN: Shall I report the bill as amended?

Mr. BENNETT: No; there are two other sections. I would ask hon. members to turn to section 14, subsection 2. It was thought that the language in subsection 2 was hardly appropriate, that it was not proper to say that "parliament shall not" do anything. The amendment proposed is, "the moneys appropriated for such purposes shall not exceed" the estimated revenue from receiving licences. I have handed the chairman a copy of the amendment. The words I have given, namely, "the moneys appropriated for such purposes shall not exceed," would take the place of the words "parliament shall not appropriate for such purposes any sum in excess of."

Amendment agreed to.

Section as amended agreed to.

Mr. MERCIER (St. Henri): The fee is two dollars?

Mr. BENNETT: Yes. I would now direct the attention of hon. members to section 16. After the word "All," the first word in section 16, it is proposed to add the words "revenues of and," to permit the Auditor General to audit the revenues.

Amendment agreed to.

Section as amended agreed to.

Mr. BENNETT: With the consent of the committee I purpose to add a new section 17, to bring the whole act under the operation of the Consolidated Revenue and Audit Act of 1931. I think the reason is obvious. As the expenditures are only such sums as may be voted by parliament, and as they are to be paid to the credit of the commission from time to time, it is essential that the Auditor General and the audit department should have control.

Mr. LAPOINTE: That is section 17?

Mr. BENNETT: Yes.

The CHAIRMAN: Has the amount of salary been placed in the bill?

Mr. BENNETT: I have asked that the figures be added. The new section 17 would read as follows:

The commission shall be subject to the provisions of the Consolidated Revenue and Audit Act, 1931.

Mr. MACKENZIE KING: All right.

Section agreed to.

Mr. BENNETT: Owing to the fact that we have inserted a new section 17, the present section 19 will be section 20. It will be recalled that the hon. member for Quebec South drew attention to the fact, as did the ex-Minister of Trade and Commerce, that as it read the section might be open to a wrong construction. I shall read the suggested section which will meet those difficulties:

20. Each assistant commissioner shall devote such time as may be necessary to the performance of his duties under this act, and shall not (except in respect of the compensation received by him as an officer or employee under the commission) have any pecuniary interest, either direct or indirect, individually or as a shareholder, partner, officer or employee, in broadcasting or in the manufacture or distribution of radio apparatus.

I think that meets the difficulties pointed out by the hon. members I have mentioned. I move that the section I have just read, which will be the new section 20, taking the place of section 19 appearing in the bill, be accepted.

Amendment agreed to.

Section as amended agreed to.

Mr. BENNETT: If the difficulties mentioned by the hon. member for North Waterloo have been overcome, as I think they have, perhaps the house will consider the language of the oath which I shall now read:

I do solemnly swear that I will faithfully, truly and impartially, to the best of my judgment, skill and ability, execute and perform the

office of chief commissioner (or as the case may be) of the Canadian Radio Broadcasting Commission, and that, while I continue to hold such office I will not accept or hold any other office or employment (add in the case of an assistant commissioner "except as an officer or employee under the commission") or have any pecuniary interest, direct or indirect, individually or as a shareholder or partner, or otherwise, in broadcasting or in the manufacture or distribution of radio apparatus.

I think that meets the situation about which my hon. friend spoke.

Mr. EULER: I think so.

Amendment agreed to.

Section as amended agreed to.

The CHAIRMAN: Shall I report the bill as amended?

Mr. EULER: There is a matter to which I should like to draw the attention of the Prime Minister. Perhaps it is not strictly in order, but as the estimates of the Minister of Marine have been passed I may be permitted to say what I have to say. One of the purposes in establishing the radio commission was to preclude any possibility of Canadian radio broadcasting stations passing under foreign control. I am told on very good authority that that principle has already been violated. A certain station on the border has been granted a licence; it is entirely under American control, and the whole purpose of the station is to broadcast in the territory of one large American city. I am informed that one of the new channels which we were so glad to obtain, instead of being used for Canadians, is used for the benefit of Americans. I make these remarks reluctantly, but if the report to me is true I certainly think action should be taken. Perhaps the hon. member for East Essex could give some explanation.

Mr. BENNETT: Does the hon. member suggest that this has happened since the measure was introduced?

Mr. EULER: Very recently.

Mr. BENNETT: I think my hon. friend is wrong.

Mr. EULER: While the officials of the company controlling the station are Canadians, I understand that all the capital invested in it is American, and the officers who have to do with the business part of the station are on the American side.

Mr. MORAND: You are wrong.

[Mr. Bennett.]

Mr. EULER: I am quite open to correction—but am informed that the programs are all originated on the American side, and what is supposed to be a newly-acquired Canadian channel is really being thrown back for the use of our American friends.

Mr. BENNETT: I think my hon. friend must be in error, at least with respect to the last part of his remarks, for I inquired of the minister whether any licences had been issued and he told me there had been no changes at all. So far as the first part of his observations is concerned, it is quite obvious that under this act the commission will have control.

Mr. EULER: Quite so. I am speaking only of the use that might be made of the station in the interval before the commission gets to work. The licence was issued a year or a year and a half ago, and no use was made of it until later on American capital was interested. The construction of the station, I am told, is by American capital, and all the officers live in the city of Detroit. I might as well be definite—it is the station at Windsor. The capital is entirely American; the management is entirely in American hands; any revenues will go into the United States. The district to be served is the American side—Detroit. The Columbia Broadcasting Corporation have acquired control, I understand. Their purpose is to serve the city of Detroit, where they cannot themselves obtain a licence. I should regret very much if it were true that a Canadian broadcasting channel—and we have not as many as we should like—had after all been turned back to our American friends. I am saying this entirely in the interests of radio, and I trust a satisfactory explanation can be given.

Mr. MORAND: The hon. member for North Waterloo (Mr. Euler) knows a great deal more about this station than I do myself. Channel 540 which is being used in Windsor was allotted some time ago to the city. It is a shared channel with Washington. Under this bill very definite power is given the commission to allocate channels to those parts of the country where they can be best used. It is certainly news to me that the station in Windsor is really a Detroit station, and I am quite sure it will also be news to those who are fathering the station. The station is built outside the city of Windsor, it is a Canadian station, and it will have to conform to all the provisions of the bill. Whoever is responsible for the broadcasting will have to submit to the rules and regulations of the commission.

Mr. EULER: Quite so.

Mr. MORAND: I do not know what capital has gone into the station. I do know the directors are Canadian, with the exception of one. The studio is in Windsor; I did not know there was a studio in Detroit. If it is the intention of these people to have a Detroit station in Windsor, undoubtedly they will find themselves obliged to comply with the rules and regulations of any commission that may be set up under this bill. I am quite satisfied that the intention is to give to that part of the country Canadian radio broadcasting—something which we have never had. In the city of Windsor we have never been able to get any programs from any part of Canada. It is no innovation for the Columbia company to give sustaining or advertising programs in Canada; they already have a station in Montreal—La Presse—and another in Toronto. I can assure my hon. friend that I am just as much interested in Canadian broadcasting as anyone can be, and I should be the first to resent the installation of a station in Windsor for the purpose of using it for Detroit.

Mr. BENNETT: I will ask the Minister of Marine to read the remarks that have been made when we are in supply, and an opportunity will be afforded to mention the matter.

Bill reported, read the third time and passed.

SUPPLY

UNITED STATES EXCISE DUTIES ON COPPER AND LUMBER

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of supply.

Mr. G. B. NICHOLSON (East Algoma): Before you leave the chair, Mr. Speaker, I should like to draw the attention of the house and the government to a situation in which two of the major industries of Canada have been placed by reason of action taken by the United States Senate in imposing an excise duty on copper and lumber, as reported in this morning's Ottawa Journal.

First, in relation to copper, last year we exported to the United States approximately $13,000,000; we imported from them copper products, rods, plates, and so on, to the value of $14,500,000. In lumber we have a favourable balance of trade; we exported $15,000,000 against imports of $6,500,000. But may I repeat what I said last week, that in machinery, equipment, and everything that is used in the logging and saw mill industry there is a very substantial balance of trade in favour of the United States. In addition to the $4 excise tax imposed on Canadian lumber, prohibitory in its application, the American railroads have added from 50 cents to $1 a thousand by a reduction in freight rates on American lumber that comes into Ontario and Quebec.

So as the situation stands to-day Canada is absolutely shut out from the United States market in relation to lumber and copper, while so far as the two central provinces are concerned, it remains the dumping ground for low grades of United States lumber. At the present time no industry in this country is suffering so severely as is the lumber industry. There are tens of thousands of men idle all over the country, our milling and logging operations being practically at a standstill. Now, the industry will be crucified—if I may use the word—because the lumber miils in Idaho, Michigan and Wisconsin will simply use the Ontario and Quebec market—actually the only market left to Canadian lumbermen now—as a dumping ground for the products which they cannot dispose of in their own country.

I understand that last Friday evening it was stated to the house that we could not exclude imports of United States lumber because we must have the class of lumber they ship in here; in other words, we do not have the hardwood to take the place of the United States hardwood. But after all hardwood constitutes a very small portion of the lumber that comes into Ontario and Quebec from the United States. I have in my hand a statement from the New Brunswick Department of Lands and Mines giving the volume of standing hardwood timber in that province. I have not the quantities for Quebec and Ontario, although they are much greater than the hardwood resources of New Brunswick. I have not the figures for Nova Scotia, but the hardwood resources of that province are substantial. The province of New Brunswick alone has hardwood resources, including birch, maple, beech, walnut, ash, oak and elm, amounting to 11,385,000,000 feet. The only woods that Canada requires from the United States, and those to a limited extent, are perhaps gumwood and walnut.

Mr. EULER: And mahogany.

Mr. CHAPLIN: It does not come from the United States.

Mr. EULER: It comes through there.

Mr. NICHOLSON: Canadian birch, maple, beech and ash will make just as good furniture with as good a finish, in three-quarters of the uses to which they are put, as either mahogany or walnut. If you go into some of

our best buildings recently put up in Canada you will find that they are completely finished with Canadian birch. As two illustrations I will mention the Royal York hotel and what is known as the east block of the Parliament buildings in Toronto; they are finished from top to bottom with Canadian birch.

The lumber industry as between the two countries has been on an equal basis; there has been no duty either way. My hon. friend from Macleod (Mr. Coote) suggested that this action on the part of the United States was reciprocal, being due to something that we had done. As a matter of fact, nothing has been done by the Canadian government in relation to either lumber or copper to bring this about.

I rose for the purpose of appealing to the government to take some action before this parliament prorogues to protect the Canadian industry as far as it is possible to do so. The opinion of the Canadian Lumbermen's Association is that if there is some evidence of determination on the part of the government to reciprocate, to use my hon. friend's word, it is possible that the bill will not pass the United States congress. It has passed the United States senate by a vote of three to two—36 against 24—and in the interests of Canadian workmen and of an industry which is second to no other industry in Canada in the matter of exports, I submit that proper action should be taken. The exports of forest products from Canada in 1930 and again in 1931, both in volume and in value, showed that lumber was the leading commodity in this country. Surely, therefore, under these circumstances it deserves some action when the United States senate or government, or whoever is behind the move, will deliberately set out to place an embargo against Canadian products.

Hon. W. D. EULER (North Waterloo): I would not yield to my hon. friend for East Algoma (Mr. Nicholson) in trying to protect a legitimate Canadian industry, but unfortunately we are here up against the proposition that what is one manufacturer's finished product is another manufacturer's raw material. I am speaking for the users of this raw material in my own city and in other parts of Canada. For example, the furniture makers in Kitchener, in the constituency I have the honour to represent, are having a very difficult time; some twenty-five furniture factories find it sufficiently hard now to make both ends meet. I should be glad to see the Canadian furniture makers use Canadian lumber. It would be a good thing if they could use more Canadian birch and maple, and I am surprised to hear that there is sufficent oak in Canada of the kind they require, because they have been importing from the United States oak, as well as gumwood, mahogany and walnut. If they could adapt themselves to the use of Canadian lumber I should be only too glad to see them use the home product, but I would suggest to the government that they go very slowly in making any tariff changes which at the moment would embarrass an industry that finds it exceedingly difficult to make both ends meet. I offer this suggestion to the government for serious consideration before they take any drastic steps in the direction suggested. I submit that they should consider how it would affect the furniture industry.

Mr. B. M. STITT (Nelson): I am in agreement with the hon. member for East Algoma (Mr. Nicholson). In my constituency there is one of the largest lumbering and manufacturing plants in western Canada, and owing to the American tariffs which were put into force two years ago this plant, which employs 1,000 men in the woods in winter and 500 in summer has had to curtail its activities considerably. Seventy-five per cent of its product is shipped to the United States, and I am fearful of what will happen under the new duty. Last winter 1,000 men were laid off and had to be kept by the federal and provincial governments. The domestic market in the west has about disappeared. Driving 300 or 400 miles through western Canada last year I did not see one building under construction, because the farmers have lost their purchasing power and cannot buy.

In connection with copper, I find myself in about the same position. We have the Hudson Bay Mining & Smelting Company, with an investment of $21,000,000, employing 1,200 men, working three shifts a day including Sundays. The Sherritt-Gordon mine in my constituency was forced to close down a week or two ago owing to the low price of copper, and I am afraid that this new duty on copper will result in the Hudson Bay Mining & Smelting Company taking the same course. If that happens, it will be nothing short of a tragedy.

I quite agree with the hon. member for North Waterloo that the government should be careful in whatever action it takes. It has occurred to me that it would be well for the government to approach the United States in a spirit of friendliness. Seeing that the books are about balanced in regard to copper; seeing that we import a little more than we

export, we might enter into some friendly agreement. At any rate, I have confidence in the government and I hope that something satisfactory will be brought about without resorting to retaliatory tariff increases.

Mr. A. E. MUNN (Vancouver North): I am in accord with the hon. member for East Algoma (Mr. Nicholson). I am rather familiar with the lumber industry, and I can say that that industry has been hit harder than any other individual industry in Canada, not excepting agriculture during the present depression. We appreciate the farmer's troubles and we should all be very glad to see the farmer more prosperous because that means business for us. But the lumber industry has been hard hit, and I hope that the government will watch developments carefully and do everything they can to protect that industry in Canada.

I will not go into the question of hardwoods. As the hon. member for East Algoma has said, we could get along without some of the American hardwoods by using native hardwoods. On the coast in British Columbia the American market has been our best market for lumber and shingles, and if a duty is imposed on these it will put us out of business for the time being until we can find markets elsewhere.

The copper business has also been hit very hard. In my riding, Vancouver North, there is the largest copper mine under the British flag, giving employment to 1,200 or 1,500 people. They are still operating, but if this duty is put on copper they will be forced out of business, temporarily at any rate, and goodness knows for how long. I do sincerely hope that the government will take proper action in this matter. They have not heard very much from the poor lumberman; they have heard from the farmer and others; but as a lumberman I appeal to them to do everything possible to protect the industry in Canada.

BEAUHARNOIS POWER PROJECT

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, before you put the motion to go into supply I should like to discuss a very important matter, and it is my intention before concluding to move an amendment to the motion. I regret having to deal with this question towards the end of the session; I realize that hon. members feel that the time has come when the business of the house should be concluded and we should get away as soon as possible, but I did not take it up earlier because investigations were being conducted by the committee of the other house as well as by a commission appointed by the Ontario government, and I did not feel that I would be justified in discussing the subject while these investigations were proceeding. In view, however, of the nearness of the close of the session I am afraid I shall have to proceed irrespective of the fact that the Ontario commission is still sitting and taking evidence. The matter I wish to discuss is in connection with the Beauharnois project, and I intend to deal with it more from its present position than from the point of view of anything which has taken place in the past.

I am desirous of discussing this matter primarily because of the statement made by the Prime Minister (Mr. Bennett) on April 18. On that occasion the Prime Minister gave us some information which had not been previously at our disposal, and I wish first to invite the attention of the house to some of the references made by the Prime Minister at that particular time.

The Beauharnois project was investigated last year by a committee of this house. Since then many things have occurred and the Prime Minister was good enough to give us certain information. I do not intend to go into the details of what the Prime Minister said, but I should like to call attention to one or two important statements. The statement with regard to the agreement entered into between the Beauharnois Light, Heat and Power Company and the Beauharnois Power Corporation appears at the bottom of page 2103 of Hansard. The following is a portion of section 6 of the agreement:

> (a) for the payment of any of the obligations and liabilities assumed by the corporation under the said agreement dated the 31st day of October, 1929, between the corporation and the Beauharnois power syndicate, which obligations and liabilities are hereby assumed by the company as hereinafter set forth, or
>
> (b) for the payment of expenditures from time to time made or proposed to be made, either by the company or by any subsidiary company or companies of the company.

The agreement continues over to the next page, but I think what I have read will suffice for the moment. In the agreement it is stated that the Beauharnois Power Corporation, the holding company, will turn over to the Beauharnois Light, Heat and Power Company the sum of $22,250,000. That is the amount which we understood had been turned over to the company after the sale of $30,000,000 worth of collateral trust bonds. Hon. members will remember that the information given to the house last year was

to the effect that these bonds were sold to two companies for the sum of $27,000,000 plus a certain number of class A common shares. Out of that $27,000,000 the syndicate was paid $4,750,000, leaving a balance of $22,250,000, the sum stated in the agreement. The committee appointed last year investigated to some extent the designation of part of the money included in that $4,750,000, but the Prime Minister indicated in his statement earlier in the session that there had been expended out of this $22,250,000 a sum of approximately $4,000,000. I must confess that the Prime Minister's statement was the first knowledge I had of the fact that nearly $4,000,000 had been spent by the syndicate out of the $22,250,000.

The situation, outlined in as few words as possible, is simply this: There was turned over $22,250,000 less the $4,000,000 which the Prime Minister indicated in his statement made to the house on April 18. That leaves $18,250,000. Later on in his statement the Prime Minister indicated that out of the sums of money received from the sale of the collateral trust bonds there had been deducted for interest purposes the sum of $3,600,000. That leaves a balance of $14,650,000. Instead of having secured $22,250,000 to proceed with this project, we find that all that was secured was $14,650,000. In other words, after selling bonds to the value of $30,000,000, by the time the proceeds of this sale reached the company which was actually going to do the work, it had less than fifty cents on the dollar with which to carry on the undertaking. That is the way this project has been financed. I must confess that I was surprised when I heard the statement made by the Prime Minister in that regard, and I think it is only fair and just that this matter should be aired in the house in order that the government may take such steps as may be within its powers to look further into it.

Continuing with the Prime Minister's statement, we find that the banks had to advance money in order to keep the project going. When the special committee appointed last year was about to end its investigations it was intimated that the company had borrowed over $6,000,000 from the banks and that first mortgage bonds had been given as security. The Prime Minister's statement was to the effect that the advances by the banks up to date amounted to $6,495,000, for which the banks were holding as security first mortgage bonds to the value of $9,742,000. Of course that information was available last year to the committee.

[Mr. Gardiner.]

We come now to the financing of the concern since that time. It would appear that the government in its judgment had to take certain steps to see that this company had funds with which to develop the undertaking. As I understand the Prime Minister, arrangements were made with the banks that they should advance still further sums and take first mortgage bonds as security in the proportion of two to one. According to the Prime Minister, the advances made by the banks under this understanding amount to $7,951,500, for which the banks hold first mortgage bonds to the value of $15,903,000. This has been done in order to secure the government should anything take place of a nature which we hope will not occur.

Before I go further, I want to say a word with regard to the advances made by the banks. One who is familiar with the Bank Act knows that banks are not permitted to advance money on mortgages in the first instance. It is quite true that a bank, if a loan is not paid at the proper time, or if it feels that its security is not of the best, may demand security. But in this case we have the banks making arrangements with this company whereby it will lodge first mortgage bonds in sufficient proportions to secure the banks against advances. I submit that the action of the banks in this case was an absolute violation of the Bank Act. This, of course, is not by any means the first time our banking institutions have done the very same thing. The government, however, helps the banks to perpetrate another infraction of the Bank Act by making the arrangements which it did to assist the Beauharnois company in its financing operations.

Let me mention another important aspect just in passing. These advances are, in my judgment, at present absolutely frozen assets. I may be wrong, and I hope I am; nevertheless that is my judgment. Our banking institutions, when they are questioned on any matter of policy, always hold out to members of the house the important point that they must keep their assets liquid in order to meet the calls of their depositors when the latter need the money, and yet in this case they are deliberately financing a concern the assets of which, at least for a time, must be frozen, with no possibility of the banks recovering the loans which they have made to it. In these circumstances some substantial action should be taken, which I shall indicate later on in my address. Business people and farmers in this country who have ample or at any rate substantial assets who cannot under present

conditions secure advances from the banks; nevertheless the banks can advance $13,000,000 or $14,000,000 to this company without any certainty as to its repayment, because the market at present will not absorb the bonds at a price which might warrant the company in offering them.

The Prime Minister in his address referred to another matter of importance, namely the position of the owners of collateral trust bonds. On page 2110 of Hansard the Prime Minister gives to the house the information with regard to the agreement between the Beauharnois Light, Heat and Power Company and the Montreal Light, Heat and Power Consolidated. He read into Hansard at that time the agreement with regard to the territory involved. I am not going to take the time to read in full section 10 of the agreement, but I may explain to the house that in so far as that part of the agreement is concerned, it confines the operations of the Beauharnois Light, Heat and Power Company to selling power to a very small portion of the province of Quebec. By this agreement, which was in existence before they sold their collateral trust bonds, the Beauharnois Light, Heat and Power Company cannot sell any electricity in Montreal or within a radius of thirty miles of the centre of the city, or in certain other sections of Quebec which are mentioned in this section of the agreement. What does that mean? If you take the trouble to read the advertising matter that was put out or the information supplied by the Beauharnois Light, Heat and Power Company in order that they might be able to sell their bonds to the Canadian people, what did they say? They indicated to the people at that time that there was a possibility of their securing from the government of Canada enough water to produce 2,000,000 horse-power at their power plant. That is what they stated, and the glowing terms which they employed in all their literature in order to induce the people of Canada to buy those bonds are such that when you come to read section 10 of the agreement between the Beauharnois Light, Heat and Power Company and the Montreal Light, Heat and Power Consolidated, you are forced to the conclusion that those people who are responsible for securing that money from the Canadian people, got it under false pretences. In my judgment, this government will be delinquent in its duty if it does not see that those who are responsible for that state of affairs are brought to justice.

What is the situation? This company, according to their estimate, will produce this fall something like 500,000 horse-power. Of that they have already sold 250,000 horse-power to the Hydro Electric Commission of Ontario and 150,000 horse-power to the Montreal Light, Heat and Power Company, making a total of 400,000 horse-power, and leaving on their hands 100,000 horse-power. The company, when that horse-power is developed, cannot sell the surplus 100,000 horse-power anywhere within the radius which is exempted by this agreement. Where are they going to get the funds to be able to meet their liabilities to the collateral trust bondholders? Where is there any possibility of their getting those funds? I suggest again that this matter needs investigation and needs it badly. When an hon. gentleman in the other chamber stated that this project screams for further investigation, I think he was quite right, particularly in view of the statement which was made by the Prime Minister in this house on April 18.

Last year this house passed two pieces of legislation dealing with this company; they are known as chapters 19 and 20 of the statutes of 1931. Chapter 19 is entitled "An Act respecting the Beauharnois Light, Heat and Power Company, Limited." I presume the Prime Minister has noted that is a mistake and has considered the question whether this legislation is of any value inasmuch as the Beauharnois Light, Heat and Power Company has not the word "Limited" in its name, it being incorporated in Quebec.

We come to the important sections of this act. The first one annuls order in council P.C. 422. Then it gives the right to divert water to the extent of 53,072 cubic feet, which, I presume, includes the 13,072 cubic feet which the company subleased from the Montreal Cottons. But the other section of importance is the one which provides that no further diversion can be approved except by parliament.

Chapter 20, however, is in my judgment a more important act because of the fact that it declares certain works of the Beauharnois Light, Heat and Power Company, Limited, to be for the general advantage of Canada. This is provided in section one, which I had better read for the information of the house. It is as follows:

1. The canal now being constructed by the Beauharnois Light, Heat and Power Company, Limited, a body corporate, incorporated under the laws of the province of Quebec, between lake St. Francis and lake St. Louis, on the south side of, or in or along the St. Lawrence river, and the works on lands or lands covered with water, excavations, embankments, retaining structures, remedial works, dams, locks and

other works appurtenant to said canal, now executed or hereafter to be executed, are hereby declared to be works for the general advantage of Canada.

That, of course, is declared under a certain section of the British North America Act with which I shall deal later.

I hold in my hand order in council P.C. 504 which was approved by His Excellency the governor general in council on Tuesday, March 1, 1932. I wish to call the attention of the house first to section 26 of this order in council, which contains two clauses that I am going to read to the house and then point out their implications. The first clause of section 26 reads as follows:

(1) That in case it shall be judicially determined that His Majesty has any property right in or the right to use or to grant the use of the waters of the river St. Lawrence for the development of hydro-electric power by the diversion of said waters which is authorized by the first hereinbefore recited act of the parliament of Canada, then and in such event the company shall pay to His Majesty such compensation therefor by way of annual rental as the governor in council may from time to time determine, and shall comply with all orders, rules and regulations which may be made by the governor in council with respect to the rentals to be paid to His Majesty, the sale of such power, the regulation of the price thereof and all or any other matters dealt with by or under the Dominion Water Power Act or Acts in amendment thereof.

That first clause deals, of course, with the question whether His Majesty has any property rights in these waters. When we come to the second clause of section 26 we have another situation. That clause reads as follows:

(2) That in case it shall be judicially determined that the parliament of Canada has legislative jurisdiction over or in respect of the use of the waters of the river St. Lawrence for the development of hydro-electric power by the diversion of said waters, which is authorized by the first hereinbefore recited act of the parliament of Canada, then and in such event the company shall comply with all orders, rules and regulations which may be made by the governor in council with respect to the sale of such power, the regulation of the price thereof, and all or any other matters dealt with by or under the Dominion Water Power Act, or Acts in amendment thereof.

That clause deals with the legislative powers of parliament, and that is the distinction between the two clauses. It will be noted that both these clauses deal practically with the question of regulation and control, more particularly of the sale and the price of the power. When in May, 1930, I had the privilege of first bringing this matter to the attention of the house, the present Prime Minister waxed eloquent as he pointed out that in the order in council P.C. 422, which had been passed by the King government, there was no clause which had anything to do with or contemplated a restriction of the price which these people might demand for their power. Now, Mr. Speaker, in this order in council P.C. 504 the situation is exactly the same. There is only a slight difference between the two orders in council in that respect. The only difference is that this order in council P.C. 504 does to some extent contemplate the possibility that at some time a decision will be made on this matter, and if that decision is favourable either to His Majesty in the right of the dominion or by virtue of the legislative powers of this parliament, then it will be competent under this order in council for the government to take such action as may be necessary to regulate the price to be charged for this electricity. I merely wish to call the attention of the house in passing to the fact that so far as the control of the price of the electricity to be sold by this company is concerned we have nothing at the present time which gives the federal government authority to determine what that price shall be or whether it is a fair price or otherwise. That is the situation with regard to that particular order in council.

I come now to the question which is probably the most important of all, namely the question of ownership of this power. There is no doubt at all, Mr. Speaker, that the ownership of this power is in dispute. If anyone thinks that that is not so, all I have to do is to refer him to the factum prepared by the Attorney General of Canada and submitted to the Supreme Court of Canada in 1928. I have a copy of that factum in my hand, and I find on turning to the last page that it is signed by Messrs. Lucien Cannon, N. W. Rowell, Charles Laurendeau, H. J. Symington, C. P. Plaxton, Vincent C. MacDonald.

A colleague suggests that it was a good outfit, and I believe that it was. When I study the different arguments which were put before the supreme court I must admit that these legal gentlemen made a very good job of the case which they had placed before them by the government of the day.

Turning to the factum we find that there were ten different questions submitted to the supreme court. It is not my purpose this afternoon to deal with all these questions or with the argument which the Attorney General put up on behalf of Canada before the supreme court. I shall deal only with those questions which I think are pertinent to this Beauharnois project, and I am going to take the time to make a few citations in order that the house may be made acquainted with the

argument and possibly see the reason why some action should be taken in the near future with regard to these matters.

This reference to the supreme court, as I have already said, was primarily for the purpose of securing from the court an opinion as to the rights of the dominion as against the provinces in so far as the waters and water powers are concerned. In order that the principles set out in this factum may be thoroughly understood it would be well for me to say at this point that in my judgment the St. Lawrence river is not merely an interprovincial river, but an international river. As the river flows through more than one province, it is an interprovincial river. It is an international river also because of the fact that we have certain treaties with the United States in regard to it, and one of the most important points in one of those treaties to which I desire to call the attention of the house is this: Article XXVI of the treaty of Washington of 1871 reads in part as follows:

The navigation of the river St. Lawrence, ascending and descending from the 45th parallel of north latitude, where it ceases to form the boundary between the two countries, from, to, and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the Dominion of Canada, not inconsistent with such privilege of free navigation.

It will be seen by that, Mr. Speaker, that the citizens of the United States have the right of free navigation on this river. That right arises by treaty between Great Britain and the United States. Therefore, when I make the statement that in my judgment this river is not only interprovincial but international in character, that is the ground for my statement. Furthermore, there is the treaty of Washington of 1909. By that treaty, an international board of commissioners was set up. When it comes to a question of navigation on the St. Lawrence river, any possibility of impediment, any question of free ascent or descent of that river by the citizens of the United States or Canada, must be submitted for decision, under the treaty of 1909, to the international joint board. Therefore on that ground also we have in the St. Lawrence not only an interprovincial but an international river.

The part of the factum which deals with the St. Lawrence river particularly, and can be read more or less in conjunction with the present development of the Beauharnois project, will be found on pages 53 to 91. I refer the committee more particularly to page 60, paragraphs 83 and 84; page 61, paragraphs 84 and 85, and paragraph 2 on page 62. At page 53 we find question 4, one of the ten questions in the factum. It is as follows:

By section 108 of the British North America Act, 1867, and the first item of the third schedule thereto, the following public works and property of each province amongst others, shall be the property of Canada, namely, "canals with lands and water-power connected therewith."

Has the province any proprietary interest in or beneficial ownership of or legislative control over the water-power which, though connected with the said canals, is created or made available by reason of extensions, enlargements or replacements of said canals, made by the dominion since confederation and which is not required from time to time for the purposes of navigation?

In attempting to argue in favour of the dominion in respect to the determination of this question the Attorney General of Canada made reference to section 108 of the British North America Act, which reads as follows:

The public works and property of each province enumerated in the third schedule to this act shall be the property of Canada.

There is reference here to items numbers 1 and 5 in the third schedule to the British North America Act. Number 1 is as follows:

Canals, with lands and water-power connected therewith.

And number 5:

Rivers and lake improvement.

It will be argued of course—or it could be argued,—that there may be some question whether this particular work might come under that section. I wish to place before the house the following argument: Under section 108 of the British North America Act, the canals and improvements owned at that particular time by the provinces became the property of the Dominion of Canada when confederation was completed. As example, one might mention the Trent canal in Ontario, or the old Beauharnois canal in Quebec. Incidentally the section in the British North America Act which deals with that question states that the waters incidental to these canals become the property of the dominion.

That is one phase of the situation. Some hon. members might even go so far as to say that canals constructed since confederation by the expenditure of either provincial or dominion public moneys, together with water powers connected therewith, should belong to the dominion and not to the provinces. Furthermore it is generally conceded that any replacements of the various canals existing at confederation which passed to the dominion,

or enlargements or extensions thereof, shall also belong to the dominion, together with the water-powers in connection therewith. Let me given an example of that possibility. On the Beauharnois section we have what is known as the St. Louis feeder. The St. Louis feeder passed to the Dominion government at confederation, and for over thirty years it has been collecting rentals from the people who leased the feeder. Ii so far as the Beauharnois canal is concerned, one might argue that it is a replacement of the St. Louis feeder. If that point of view is taken there can be no question that the rentals from the water passing through the Beauharnois canal belong to the dominion. On the other hand it may be argued that the new Beauharnois canal is a replacement of the old Beauharnois canal which became the property of the Dominion of Canada by virtue of section 108 of the British North America Act.

Hon. members will recall that the old Beauharnois canal became obsolete, and was replaced by a new one, the Soulanges canal, on the north side of the river. Now it is proposed that because of the possibility of our entering into an agreement with the United States to provide a deep seaway on the St. Lawrence river, this new Beauharnois canal should become part of the deep seaway. Are we not justified in arguing that the new Beauharnois canal is a replacement of the old one, or a replacement of the Soulanges canal which to-day is the property of the Dominion government? That is the argument which the attorney general on behalf of the then government placed before the supreme court. So far as I can see, his argument in that regard was well taken.

There is another point of view I should like to bring to the attention of the house which arises out of the action of this parliament last year in declaring the new canal to be a work for the general advantage of Canada. In the order in council before me provision is made, further, that at some time in the near future title shall be granted in the canal by the Beauharnois Light, Heat and Power Company to the government of Canada. By that title the dominion will become owners of the canal. By virtue of the legislation passed last year declaring this work to be to the general advantage of Canada I cannot for the life of me see how any argument can be lodged against the contention that the dominion owns the waters flowing through that canal. Of that, in my judgment, there is no question. Let me deal with it under another part of the British North America Act—schedule 3. This schedule covers "provincial works and property to be the property of Canada." Paragraph 1 reads:

Canals, with lands and water-power connected therewith.

Paragraph 5:

Rivers and lake improvement.

I submit this would enable the government to contend that the water flowing through the new Beauharnois canal is the property of the dominion because of this work being first of all declared to be for the general advantage of Canada.

Mr. DEPUTY SPEAKER: Order. The hon. member has spoken forty minutes.

Mr. GARDINER: Mr. Speaker, it is my purpose to move an amendment before I take my seat, and it being equivalent to a want of confidence motion, I claim this exempts me from the application of the forty minute rule.

Mr. DEPUTY SPEAKER: The hon. member would be right if he had moved an amendment, but not having done so, it is for the house to decide whether he shall proceed.

Mr. GARDINER: It has always been the practice for the member to move the amendment before sitting down, but I will move it now and continue my remarks.

Mr. DEPUTY SPEAKER: I have no objection, but the hon. member's time has expired and he can proceed only with the consent of the house.

Mr. GARDINER: I must confess, Mr. Speaker, that the rule has never been so interpreted before. However, I am in Your Honour's hands. I will send you a copy of the amendment in order that you may satisfy yourself that I intend to move it.

Mr. DEPUTY SPEAKER: I do not desire to force the hon. member to cut short his observations, especially on this question, but standing order 37 reads:

No member, except the Prime Minister and the leader of the opposition, or a minister moving a government order and the member speaking in reply immediately after such minister, or a member making a motion of "no confidence" in the government and a minister replying thereto, shall speak for more than forty minutes at a time in any debate.

The hon. member has spoken forty minutes without moving a want of confidence motion. Therefore I must apply the rule. Having exhausted his time, only by unanimous consent may he move his amendment.

Mr. BENNETT: On the point of order, I understand that His Honour the Speaker has already ruled this session that unless a motion of no confidence is moved within the forty minutes, obviously the member who has the floor cannot proceed beyond that time. The rule says that "a member making a motion of no confidence in the government" may speak more than forty minutes. Having exhausted his forty minutes without having made such a motion, the hon. member cannot proceed further. So far as I am concerned, I have no objection, but the rule of the house must be clearly understood.

Mr. DEPUTY SPEAKER: By unanimous consent I suppose the hon. member may proceed.

Some hon. MEMBERS: Carried.

Mr. BENNETT: I suppose the reason is obvious. Non constat that the member would be excluded from the rule by the amendment he proposes to move. The amendment must be read first in order that the house may be seized of the matter under discussion.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, on former occasions when a similar situation has arisen the motion of no confidence has been moved after the moving of the government order to go into supply, and therefore the forty minute rule did not apply to the hon. member moving such amendment. Had not the hon. member for Acadia been preceded by the hon. member for East Algoma, he would have seen the necessity of moving his amendment within the forty minutes.

Mr. DEPUTY SPEAKER: I have read the amendment to be moved by the hon. member for Acadia, which I understand is for the appointment of a royal commission. Of course, I have had to peruse it hurriedly, but I fail to see that it is a motion of want of confidence.

Mr. GARDINER: Will you permit me to read my amendment, Mr. Speaker? Then I shall be quite willing to place myself in the hands of the house.

Mr. DEPUTY SPEAKER: As the hon. member knows, I want to be as fair as I can, but I must apply the rules. He has exhausted his time and can proceed only by unanimous consent. As far as his proposed amendment is concerned, I fail to see that a motion asking for the appointment of a royal commission can be interpreted as a motion of no confidence in the government.

Mr. BENNETT: You might call it six o'clock, Mr. Speaker, so that the point may be considered during recess.

At six o'clock the house took recess.

41761—211½

After Recess

The house resumed at eight o'clock.

Mr. GARDINER: Before the house rose at six o'clock, Mr. Speaker, a question was raised by the Deputy Speaker as to whether I was in order in continuing to speak—

Mr. SPEAKER: Is the hon. member speaking to a point of order?

Mr. GARDINER: No. I am bringing to your attention, sir, what happened before six o'clock, and I desire to have your ruling on the question. This afternoon, when the motion was made for the house to go into committee of supply, some other hon. members discussed a certain question but no motion was placed before the house. After they had finished discussing that particular question, I rose to discuss the Beauharnois project, and I intimated at the time I rose that I intended to move an amendment to the motion to go into supply. After I had spoken for forty minutes, the Deputy Speaker ruled that, inasmuch as that allotted time had elapsed, I was not in a position to continue. I thought that under the rules I was entitled to go on, inasmuch as I had intimated my intention to move an amendment. The question was left in that stage when the house rose at six o'clock, and I should like to have your honour's decision with reference to the Deputy Speaker's ruling in that regard.

Mr. SPEAKER: If, as the hon. member states, he had spoken forty minutes, it is not within the rule, standing order 37, for him to speak any longer, and he has no right to continue his address, even to move an amendment or to make a motion. Standing order 37 is explicit:

> No member, except the Prime Minister and the leader of the opposition, or a minister moving a government order and the member speaking in reply immediately after such minister, or a member making a motion of "no confidence" in the government and a minister replying thereto, shall speak for more than forty minutes at a time in any debate.

I cannot see that the hon. member comes within any of these exceptions.

Mr. GARLAND (Bow River): Except by unanimous consent.

Mr. GARDINER: Would not the amendment come within the rule, in so far as a vote of no confidence is concerned?

Mr. SPEAKER: I have read the proposed amendment and I do not regard it as a motion of want of confidence.

Mr. ALFRED SPEAKMAN (Red Deer): In order to overcome this difficulty, and in order that the hon. member for Acadia (Mr. Gardiner) may again speak, being then within the rule, inasmuch as he will speak to the amendment, I propose, without debate, to move the aforesaid amendment. Seconded by the hon. member for Camrose (Mr. Lucas), I move:

That the motion be amended by striking out all the words after the word "that" and substituting the following therefor:

inasmuch as parliament by enacting chapter 20 of the statutes of 1932 declared the Beauharnois canal and the works appurtenant thereto to be a work for the general advantage of Canada it is the opinion of this house that the government should proceed without delay to determine the legality of the claim of the province of Quebec to own the water-power created or made available or to be created or to be made available by the diversion of water through the Beauharnois canal and to charge rentals therefor, and should it be determined that the ownership of such power is properly vested in the dominion—then this government should submit, at the earliest possible date, the necessary legislation enabling the government to exercise the said rights of ownership to nationalize the whole project in order to protect the national interest and for this purpose to create a federal hydro-electric commission.

And further in the opinion of this house that the government should without delay take all necessary and proper steps to determine whether or not the act passed by the legislature of Quebec granting the charter of incorporation of the Beauharnois Light, Heat and Power Company and the amendments thereto are ultra vires of the province of Quebec.

And further in the opinion of this house a royal commission should be appointed to investigate the reasons for and the manner of the payments made out of and ultimate disposition of all moneys derived from the sale of the $30,000,000 worth of collateral trust bonds issued by the Beauharnois Corporation Limited, and to investigate the prospectuses, statements, circulars and advertisements issued by and/or used with the concurrence of the first board of directors of the Beauharnois Light, Heat and Power Corporation Limited and which were used in the sale and disposition of the said $30,000,000 worth of collateral trust bonds, with all necessary and appropriate powers and to report back.

I have not prepared myself to speak on the subject, and I have no intention of further delaying the house, but I move the foregoing amendment in accordance with the rule.

Mr. CAHAN: I rise to a point of order. The proposed resolution involves a very large and almost unprecedented expenditure of money by way of nationalizing the Beauharnois power project and developing and extending it, and such a resolution can be introduced only by a member of the government, with the approval of His Excellency the Governor General, who should recommend it to the house.

[Mr. Speaker.]

Mr. GARDINER: Speaking on the point of order, Mr. Speaker, may I call your attention to the fact that in the amendment proposed by my hon. friend from Red Deer (Mr. Speakman) it is stated very emphatically that "in the opinion" of this house the government should do certain things. It does not command the government, which, of course, the house cannot do, to do those things, and with that proviso "in the opinion of this house," I submit that the resolution cannot be construed as one which involves the expenditure of money.

Mr. SPEAKER: In my opinion the objection raised by the Secretary of State (Mr. Cahan) is well taken. The amendment is a duplicate of the amendment sought to be moved by the hon. member for Acadia, and as I read it, it is not a mere abstract resolution which does not involve a future grant. It does not say that the government should consider taking the procedure outlined, but if carried is a direction of the house to the government to take proceedings necessarily involving grants of public moneys: First, to determine the legality of a claim of the province of Quebec; secondly, to determine whether an act of the legislature of Quebec is ultra vires or not; thirdly, to appoint a royal commission—all three of necessity involving the expenditure of public money.

For that reason, in my opinion, it is not in order for a private member to move the resolution, nor would it be in order for a member of the government to move it without following well-defined procedure relating to the presentation and discussion of such resolutions, as defined by standing order 60 of this house, which further safeguards the principle by prohibiting the consideration and debate of a motion which involves any public aid or charge upon the people, even when made by a member of the government, upon the day it is made, and provides that it shall be adjourned to a future day and then be referred to a committee of the whole house before any resolution or vote of the house do pass thereupon.

Bourinot, at page 406, quotes section 54 of the British North America Act, as follows:

It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address, or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended by a message of the governor general in the session in which such vote, resolution, address or bill is proposed.

The constitutional provision which regulates the procedure of the Canadian commons in this respect applies not only to motions directly proposing a grant of public money, but also to those which involve a grant.

And Bourinot says further:

No cases can be found of any private member in the Canadian commons receiving the authority of the crown, through a minister, to propose a motion involving the expenditure of public money. No principle is better understood than the constitutional obligation that rests upon the executive government, of alone initiating measures imposing charges upon the public exchequer.

In my opinion this resolution if passed would be a direct order from the house to the government to do certain things which would involve an expenditure of public money. Therefore, I say such a resolution is not in order when moved by a private member.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I think it is to be regretted that the resolution was not framed in the language which would permit Your Honour to rule it in order. However, I can imagine no question of recent years which has so stirred up public indignation and given rise to such scandal as this whole question of Beauharnois. "I believe that there is no government in Canada to-day that does not regret that it has parted with some of those natural resources for a consideration wholly inadequate and on terms which do not reflect the principle under which the crown holds natural resources in trust for all the people." That eloquent declaration of this basic principle is in the words of the Prime Minister (Mr. Bennett) uttered not long ago. I submit to Your Honour and to the house that this whole project, conceived in greed and born in political corruption, is now about to die of illegality. I propose to show, in the first place, that the act of the province of Quebec incorporating the Beauharnois Light, Heat and Power Company, and the amendments thereto, are completely outside the powers of the legislative assembly of that province and that therefore the acts themselves and everything permitted thereunder have no legal foundation, and any securities issued, works done or constructed under the authority of those acts are without legal backing. I submit further that the dominion parliament alone has the right to pass the necessary legislation to empower such works and undertakings as are involved in this development. I take as my authority the British North America Act, and I refer hon. members to section 92, which sets forth the powers of the provincial legislature. Subsection 10 of section 92 reads as follows:

Local works and undertakings other than such as are of the following classes:—

(a) Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province.

Clause "c" of this subsection reads as follows:

Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

What is my authority for the statement that such works as these are outside the jurisdiction of the province of Quebec? I draw the attention of the house to a definition of that particular section of the British North America Act given in Clement's Canadian constitution, third edition, 1916, page 731. The paragraph is headed Companies' "Objects," and reads:

The purposes or objects to be served by incorporation are, like the possible subjects of legislation, numberless; but it may not be quite useless to consider some possible objects which touch closely the class-enumerations of the British North America Act. The "works and undertakings," for example, mentioned in section 92, No. 10, have been described by the privy council as physical things. Such of them as extend, actually or potentially, beyond the limits of a province are within the exclusive control of the parliament of Canada; and are manifestly not provincial objects for the establishment, control, and operation of which a provincial company could be incorporated. And the same remark applies to such undertakings as, though entirely located in one province, have been declared to be for the general advantage of Canada.

The act passed last year by this house put the whole development of this canal and all works and appurtenances thereto outside the jurisdiction of the province of Quebec. The principle declared in Clement's stamps it as an object other than provincial. Clement is clear and his opinion has been cited in privy council cases. I submit that this government should take into careful consideration the result of the legislative action in connection with this question. We should be careful in examining this matter to distinguish between works and undertakings and services. Businesses may be conducted for the purpose of service. The T. Eaton Company may be incorporated by a province and send its catalogues and ship its goods to other provinces. That does not constitute it an interprovincial company, nor does it place it outside the powers of a province to incorporate. But where a company is incorporated with powers to extend its own lines its own material

physical works outside of a province, connecting one with another, or connecting with works that enter another province, then it falls under the scope of section 92 of the British North America Act and is outside the jurisdiction of that province.

Let us consider for a moment the legislation itself. What is there in the act which causes me to say that it is not within the powers of the province of Quebec? The statutes of Quebec, Edward VII, 1902, contain under chapter 72 an act to incorporate the Beauharnois Light, Heat and Power Company.

May I pause here for a moment to emphasize once more the point made by the hon. member for Acadia (Mr. Gardiner) when he spoke this afternoon? He pointed out to the Prime Minister and to the house that the legislation passed last year by the house is not legal because it concerns itself with a company which does not exist. The act passed by this house declares itself as being legislation for the Beauharnois Light, Heat and Power Company, Limited—there is no such company, it never was created or incorporated. Beauharnois Light, Heat and Power Company is the proper title granted by the legislation of the province of Quebec, but that is by the way.

If hon. members will take the trouble to study the provincial act they will find in section 12 of chapter 32 the following:

> The company may supply, sell and distribute light, heat and power in any direction within a radius of thirty miles from the town of Beauharnois, and for that purpose may set up and establish all necessary apparatus for transmitting such light, heat and power, by wires or similar means on posts or underground along public and private roads, streets and by-roads—

And so on. Let me emphasize again what this legislation says. It says that this company may sell light, heat and power within a radius of thirty miles from the town of Beauharnois, that it may set up the necessary transmission lines, posts and so on to distribute that power. If hon. members will take a map of the province of Quebec and take a pencil, placing one end of it on the town of Beauharnois and describing a radius of thirty miles, they will find that this company is authorized to sell power and to extend its works into the state of New York and the province of Ontario. Surely that ought to be sufficient evidence that this act is not within the power of the Quebec legislature. But that is not all. By subsequent amendments in 1910 to the same act, that radius was extended. Section 12 was amended by section 10 of the amending act to read:

> The company may supply, sell and distribute light, heat and power in any direction within a radius of forty miles from the town of Beauharnois.

As I have said, under a radius of thirty miles the operations of this company may extend into the state of New York and the province of Ontario. By this amendment adding ten miles, how much further will they extend? These statutes have no basis in law and under the constitution of this country they are absolutely invalid. As further evidence of that, I propose to show to the house to-night that on appeals, the privy council decided again and again that such works and undertakings as are involved in this project are entirely outside the jurisdiction of the province of Quebec. I propose to show in regard to railway, telephone and radio that the privy council has decided against the provinces in matters of this kind.

By the way, just before I proceed with that, may I submit this point? While so far I have suggested that because of the interprovincial character of the company it was outside the jurisdiction of the province of Quebec to pass such an act, I have also shown that potentially the company penetrates the state of New York and is therefore an international company which any legal member of the house knows, it is not within the power of the province to incorporate.

The first supporting decision I propose to give to the house is, as I have said, in connection with railways. Under the British North America Act, a railway which exists solely within the boundary of a province and does not extend beyond that boundary or connect with another line extending beyond it, is within the jurisdiction of the province; but the moment a line of that character connects with a line extending beyond the boundary of the province—it does not itself have to extend beyond that border line—the privy council has decided that it is no longer provincial but interprovincial in character. In the case of Luscar Collieries versus MacDonald, Supreme Court Cases, page 932 of Law Reports Appeal Cases, Privy Council, 1927, their lordships, in handing down their decision in the matter, had this to say:

> Their lordships agree with the opinion of Justice Duff that the Mountain Park Railway and the Luscar branch are, under the circumstances hereinbefore set forth, a part of a continuous system of railways operated together

by the Canadian National Railway Company, and connecting the province of Alberta with other provinces of the dominion. It is, in their view, impossible to hold as to any section of that system which does not reach the boundary of a province that it does not connect that province with another. If it connects with a line which itself connects with one in another province, then it would be a link in the chain of connection, and would properly be said to connect the province in which it is situated with other provinces.

I take a further case, that of a telephone company. Obviously there is a very close analogy between a telephone company and a power company in respect of the fact that they both use wires to transmit their works or services. In this particular case the extension beyond the province had not actually taken place and yet their lordships found that because the act of incorporation gave them power, that is, gave them the potential right to extend beyond the province, therefore that act was not within provincial jurisdiction. I quote from the now famous case of the Toronto Corporation versus the Bell Telephone Company of Canada as reported at page 57 of Law Reports, Appeal Cases, Privy Council, 1905. The actual hearing took place in 1904. Their lordships said:

It can hardly be disputed that a telephone company the objects of which as defined by its act of incorporation contemplate extension beyond the limits of one province is just as much within the express exception as a telegraph company with like powers of extension.

They had in a previous case decided that telegraph companies, extending as they do potentially beyond a province, were not within the jurisdiction of a provincial legislature. Supposing the question should arise: Well, in this case no connections have been made and therefore no infraction of the British North America Act has actually taken place; the company has not its physical works or undertakings outside the boundary. Then what would the position be? Again I refer hon. gentlemen to the same privy council decision in which their lordships held:

"The question of the legislative jurisdiction must be judged of by the terms of the enactment, and not by what may or may not be thereafter done under it. The failure or neglect to put into effect all the powers given by the legislative authority affords no ground for questioning the original jurisdiction."

If authority be wanted in support of this proposition, it will be found in the case of Colonial Building and Investment Association v. Attorney-General of Quebec, to which the learned judges of Appeal refer.

The final case I wish to draw to the attention of the government and of the house is the quite recently decided radio case. This is one where neither rail nor wire connection was involved. It is a question of air connection, something that would appear to the ordinary individual to be intangible and hardly capable of the definition of a physical connection. Yet in fact it is a physical connection and it was so decided by their lordships for, in the case of the privy council appeal on radio on February 9, 1932, their lordships determined what the physical work or undertaking was. They said that these works, that is a transmitter and a receiver, are physical things, not services; that they cannot be separated; that they are links in a chain even though connected but by air. They say:

Their lordships have therefore no doubt that the undertaking of broadcasting is an undertaking connecting the province with other provinces and extending beyond the limits of the province.

Surely I have given sufficient cases to indicate that so far as privy council appeals are concerned, all the probability, nay, more, the absolute certainty, is on the side of those who contend that the act to incorporate the Beauharnois Light, Heat and Power Company is not within the competence of the province of Quebec; that it is therefore ultra vires and that all the works, undertakings, investments and so on are completely without legal foundation or standing. The situation is extremely serious; it is one that has arisen owing to the hasty greed of unscrupulous promoters and the negligent complacency of legislative bodies.

Mr. POULIOT: Does not the same question apply to the Ontario hydro?

Mr. GARLAND (Bow River): I would not be at all surprised if it did. In regard to the power and canal works on the St. Lawrence river, I am absolutely convinced that as they are interprovincial, nay more, international in character, they are not within the competence of either Quebec or Ontario. There is no doubt in my mind on that point and I am glad the hon. member raised it.

A further fact in connection with this case is this: it was referred to by the hon. member for Acadia this afternoon. This canal is not an isolated canal. It is not a canal in the sense that some canal, say, down in the maritimes would be, or possibly a canal out in the province of Alberta. This canal is already declared to be a link in the great waterways project, the deep seaway. Have I authority for that? May I submit to the house that the original incorporation of this company under section 11 of chapter 72 of the statutes to which I have referred stated that the company shall be empowered to construct a canal not exceeding 150 feet English measure

in width. Such a canal might have been regarded as so unimportant as possibly to be within the competence of the province of Quebec, but subsequent amendments, as in section 6 of the act of 1910, entirely changed this and gave the company power to widen the canal to 300 feet or to build a new canal 1,100 feet in width. It is getting bigger all the time, you see. Finally the act of 1930 gave the company power to construct a canal of the magnificent capacity of approximately 4,000 feet in width, capable of taking the entire flow of the St. Lawrence. This clearly indicates to me, and I hope to hon. members of this house, that the scope of the work was not a mere provincial canal or an irrigation ditch or anything of that kind, but a work to fit in with and be a part of the great deep seaway of the St. Lawrence. This view is upheld by many authorities. Almost every engineer who has been called upon to advise upon the matter has declared that it is such a link in the deep seaway and must be so regarded. Engineer Holgate, Engineer Acres, the report of Mr. St. Laurent to the minister of that day, have so held. But I do not have to go back to the opinions of these men. This government has decided it, and the previous government has decided it. I quote from the words of the right hon. leader of the government as reported at page 2113 of Hansard of April 18, 1932. He said:

> We have indicated, as I said at the very threshold of my observations, that as the project was by common consent, alike by the late administration and by this, treated as an undertaking that was a link in the St. Lawrence waterway and that the canal should be a canal that would be available to navigation if as and when that undertaking is proceeded with—

A link, mark you. Again on the same page he says:

> But having regard to the relation of this enterprise to navigation and to its being a unit in the development of the St. Lawrence waterway,—

And so forth.

Mr. STEWART (Edmonton): I have no objection to my hon. friend stating that the present government have designated it as a link in the canal system, but he is under a misapprehension in asserting that that was definitely stated by the previous government. If my hon. friend will look at the agreement he will see that I am correct.

Mr. GARLAND (Bow River): If there is any hon. member in this house who has any doubt as to the intentions of the company or as to the knowedge on the part of those who were interested in granting the lease as to the intentions of the company, then I shall be glad to hear an explanation from my hon. friend from West Edmonton (Mr. Stewart). No public man of intelligence who studies this thing will be deceived in that matter. There is no question that the late administration did know that the Beauharnois Power Company did actually offer to the late government this canal free of charge to be a part of the deep seaway, and hon. members know it was so and it was accepted as such.

Mr. STEWART (Edmonton): I do not wish to interrupt my hon. friend, but they did not definitely state it was to be accepted as such although constructed for the purpose.

Mr. GARLAND (Bow River): I will leave my hon. friend to explain it. The Beauharnois Company itself had no delusions in the matter, for in many of its prospectuses it stated definitely that the canal would be a link in the deep seaway. I have here, for example, the best known of these prospectuses, entitled Physical Facts and Financial Figures. They are well worth reading, especially the financial figures. They are very illuminating. Some time in the future, politicians and historians will look back upon this whole affair as one just as fantastical as any fairy tale that came out of the Arabian Nights. At page 6 of this prospectus the company says:

> In providing deep water navigation in its power canal the Beauharnois Power Corporation is providing one of the major links in the deep waterways by canalizing all the wholly Canadian section of the river, save for the stretch around the Lachine rapids at Montreal.

It must be clear already to hon. members who have been studying this question, and most of them I presume have been, more or less, that an undertaking such as this, anything that is so interconnecting, provincially speaking, as this, anything that is so international as this, obviously is not within the power of the province of Quebec to decide upon, nor can it be within the power of the province of Quebec or for that matter the province of Ontario, to legislate in respect to such matters. If further support of my argument in this regard is required I would refer hon. members to the factum presented, as the hon. member for Acadia (Mr. Gardiner) stated this afternoon, on behalf of the late administration to the Supreme Court of Canada. At page 106 of the factum, paragraph 135, we find the following:

> Under section 91, No. 29, and section 92, No. 10 (a), of the British North America Act, actual or constructive extension beyond the limits of a province is a necessary feature of the work or undertaking in order to confer

legislative jurisdiction upon the dominion parliament concerning same or to incorporate companies with objects in relation thereto, but as to the latter, it is now well established that it is the potential scope of the authorized objects and not the area of their actual exercise or operation which determines the character of the work or undertaking as being federal and where the authority conferred covers works or undertakings which may extend beyond the limits of a province, such works or undertakings are therefore non-local and fall to the exclusive jurisdiction of the dominion by virtue of section 92, No. 10 (a).

Then they cite certain cases. That was the position taken by the late administration and presented in the form of a factum by the Solicitor General for the Dominion of Canada before the Supreme Court of Canada. These legal gentlemen who made up the representatives of the government further stated at page 107, paragraph 137, of the factum:

The attorney general—

What attorney general? The Attorney General of the Dominion of Canada, the former attorney general:

The attorney general, therefore, submits that the parliament of Canada has legislative power under section 92, No. 10 (a) to authorize the Dominion government to construct and operate power works in interprovincial rivers provided the authority so conferred contemplates works which by themselves or their transmission lines physically extend beyond the limits of a single province or physically connect with works or lines in another province or which, though locally situate within a given province, form part of a general power undertaking authorized by the legislation and which includes, in fact or contemplation, similar works or lines or operation in one or more provinces and that for such purposes the Dominion parliament may confer power to purchase or expropriate provincial crown lands whether lying in the bed of an interprovincial river or otherwise.

There are clauses innumerable in the factum which bear out my contention that in the opinion of the late government, in the opinion of the attorney general and the group of lawyers who pleaded this factum before the supreme court, this parliament and this parliament alone had rights to legislate both in respect of power and canalization in connection with this project. By the way, the question of connection, the connecting work or undertakings comes in at this point. We see that in the act of incorporation the company has the potential right, or is supposed to have the potential right, to extend its works and undertakings into another province. But is there any evidence that it intends to use that right? All I have to do is to refer to the statement made to-day by the hon. member for Acadia that already the company has entered into contracts with the Hydro Electric Commission of the province of Ontario for the sale of power to them. How can they supply power? The only way under heaven power can be got from the Beauharnois development to the province of Ontario is by wires, and those wires must connect. If they connect even within the province of Quebec with the Ontario power line they become interprovincial in character.

Mr. LAVERGNE: The contract is sufficient.

Mr. GARLAND (Bow River): That is quite true; the contract alone is sufficient to prove definitely the interprovincial character of this company. As I have already indicated, the fact that this is a link in a deep seaway canalization scheme also removes the project from the ambit of provincial legislation. A study of the map will reveal that this canal connects lake St. Francis with lake St. Louis. Lake St. Louis is a provincial lake, situate wholly within the province of Quebec. Lake St. Francis, however, is not only an interprovincial lake but it is international. A part of that lake is within the boundaries of the United States of America; a large part of it is within the province of Ontario. This canal, when completed must breach the dyke on the shore of lake St. Francis, and the minute it does that it becomes an interprovincial and international connecting link, a part of the connecting whole. It cannot be separated. When a project of this kind cannot be separated by itself within the limits of a province it ceases to be provincial in character, and becomes interprovincial.

Many authorities are at my disposal. I have not time to quote at length, but would refer hon. members to a case previously mentioned to-day. I refer to the argument of the late administration through the mouth of its attorney general. It is all there. But, more than that, the plans of the joint board of engineers show, as I have just indicated, that this project is interprovincial and international. To what extent? One third of lake St. Francis—that enormous amount, Mr. Speaker—one third of lake St. Francis is within the province of Ontario; almost the same amount is within the United States of America. Any movement of water from that lake via a canal such as the one proposed interferes with treaty obligations, and by virtue of that one fact becomes a matter within the sole jurisdiction of the dominion parliament.

I now come to the matter of treaty obligations, and the question whether or not they are important. I could cite case after case, report after report, dealing with this matter, but I have not time to do so. I shall refer

only to the remarks of the present chief engineer of the Department of Railways and Canals, Mr. McLachlan. This gentleman gave evidence before the committee of this house which last year investigated the Beauharnois project. He was interrogated concerning difficulties involved in the project, and his evidence went to show that there was a certain current running crosswise at the entrance to the canal at lake St. Francis which would render exceedingly dangerous the navigation of ships at that point. In answer to the inquiry, "Is it a serious question?" he was referring to the matter of navigation and interference with treaty obligations, he answered, "Well, it is serious enough for me to feel that some change ought to be made to mitigate conditions, otherwise I am sure we will have trouble both in using the waterway we have built under those conditions and in satisfying the American engineers when they come to approve of what we propose to do in Canadian territory." Then the question was asked, "And this change was never approved?" to which he replied, "This change was never approved." To my knowledge, so far as my information goes, the plans for this international work have not yet been approved. I submit that before work can be commenced, before navigation can ensue, there must be approval granted by the International Joint Commission under the Boundary Waters Treaty of 1909.

There are other points to which I should like to draw the attention of hon. members. In summing up this phase of the matter, however, I suggest that the granting of authority, or the purporting to grant authority, to extend these works and undertakings as proposed in the charter to which I have referred is not, I assert definitely—and I challenge legal correction, because after all I am only a layman, and am willing to listen to legal opinions in the matter—within the competence of the province of Quebec; the charter is ultra vires and illegal, and should be cancelled.

What about the interests involved? Serious—very serious. Not only should the charter be cancelled, but if the situation is left in its present position I hesitate to picture to the house what the possibilities may be. The federal government, however, can protect the public interest, and it is for that reason the amendment has been moved to-day. We have offered it humbly and respectfully, with no wish whatever to dictate, but simply to offer suggestions as to the manner in which the present federal administration should deal with the matter. In my opinion the federal government at this time can and should reorganize the whole project. Both in respect to power output and canalization it should be declared a work in the national interest. There should be set up a federal hydro-electric commission to deal with the vast water power of this great international river.

On his oration in connection with this matter during the session of the year 1930 the Prime Minister, the leader of this government, asked the following question, "Do hon. members realize what this power development means? Do they realize that it means the future welfare and interests of not thousand or tens of thousands, but milions of people in the great valley of the St. Lawrence?" I say the whole St. Lawrence project comes within the scope of his statement. The whole St. Lawrence river scheme, involving as it does the development of 5,000,000 horse-power, 4,000,000 of which would belong to Canada, justifies and necessitates the creation of a federal hydro-electric commission to be operated in the public interest.

I opened my remarks to-day with a quotation from a speech by the leader of the government in which he said that governments regretted having given away for nothing, or next to nothing, valuable resources. Here is an opportunity for this government to save to the people of Canada one of the greatest and most powerful resources. They can declare this work to be in the national interest; they can create a federal hydro-electric commission. I submit if a part of the scheme can be developed in the national interest, the whole of it can be. The legality of the present situation should be decided. Let them take the matter to the privy council. I am satisfied as to what the decision will be.

The project cannot be left in its present state without grave dangers—yes, grave dangers—to the legitimate investments of Canadians and others. There is the further risk, worse than the one I have mentioned, that the great power interests may now seize upon the project, in its dying days, and grasp it to themselves, with the result that within a very short time this country would find itself under the absolute control of the Holt monopoly, the great Montreal Light, Heat and Power Company. There is no question in my mind as to the grave danger of that condition arising, if something is not done. In any case, Mr. Speaker, if this government does not act, if it merely leaves this company operating in the hands in which it now is operating, pouring into its coffers, as it has already been doing, millions of the taxpayers' money and on top of that proposing to make a loan to the tune of $15,000,000 or

$16,000,000 more without deciding the question I have raised, why, the whole investment is liable to be lost. For it is certain that a valuable resource of this character is not going to be left in this questionable legal position. There will be, as I feel almost certain, case after case before the courts to determine the legality of it. There will be a definite fight—in fact I believe it commenced some time ago—it will continue, and other interests will combine and conspire to seize control of this project. If this government does not want to leave our investments in danger of being utterly lost it is time now for it to take over the whole project, and protect the rights of the people of Canada.

Mr. SPEAKER: The hon. member for Bow River has spoken forty minutes.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, after the very excellent presentation of this subject by those who have already taken part in the debate, it does not seem necessary to enter any more fully into its legal and constitutional aspects. For two years when this subject has been under discussion I have had the honour of supporting the contentions of the member for Acadia (Mr. Gardiner), the member for Bow River (Mr. Garland), and I should like once again to give whatever support I may to their point of view. Further than that, my colleague from East Hamilton (Mr. Mitchell) in his election campaign promised the electors that if possible he would press for a further inquiry into this whole matter. Up to the present we have not been able to bring the matter before the house, and unfortunately my colleague owing to another engagement is not able to be present this evening. So I should like on his behalf to say a few words with regard to the question.

Last year when I returned to my own city of Winnipeg I found myself the subject of a good deal of criticism, not because I had participated in debates on this question but rather because I had not gone far enough in urging immediate action. So far as the press represents public opinion, I may say the Manitoba Free Press urged that the matter should not have been left where the committee left it last session; and the Tribune—which generally supports the Conservative government—came out very strongly indeed with the view that some plan had been hatched in the committee to prevent the public getting at the real facts of the case. The two papers were inclined to denounce some of us Independents because we had not done more in attempting to force action on the part of the government. I should like to read the statement which I gave to the house last session on the 31st of July, just after the report of the committee was presented:

> —to-day the public demand several outstanding things. First of all the punishment of (a) those who have defrauded the public; (b) those who have been guilty of bribery, and (c) those who have betrayed public trust.

I think undoubtedly the general public did believe there was going to be some sort of justice in regard to these matters in which corruption had been shown. I submit that although these months have gone by there has been no punishment of the guilty parties.

Mr. GARLAND (Bow River): Hear, hear.

Mr. WOODSWORTH: Unfortunately last year the reference was so narrow that the committee could not follow up its investigations as far as they should have been followed; further, I suppose owing to the party warfare it was not possible for the majority of the committee to be free to go very far; also, as members will recognize, there were several representatives from the provinces present, who as soon as anything that touched the provinces came before the committee objected strongly on the ground that these were provincial matters; and so the inquiry did not go very far. The same thing happened to some extent, I believe, in the provincial inquiry; it stopped before the fullest investigation had been made. I think the same criticism may be made with regard to the investigation in the Senate, which was largely confined to the conduct of certain senators. So that so far as meting out punishment is concerned, the only action taken has been to force one senator to resign his position.

Mr. LAVERGNE: He committed suicide.

Mr. WOODSWORTH: Last July I also said:

> Second, I think the public demand a further investigation,—

I am still of that opinion. It seems to me that in attempting to move his amendment to-night, the member for Acadia was along right lines when he suggested a royal commission. I do not believe parliament is a suitable body to make an investigation of this character. We all recognize that party feeling runs high, that the past government had a good deal to do with this matter, that the present government may or may not have administered it in just the right way, and so party considerations undoubtedly enter into any parliamentary investigation, and certainly

would enter into the report of any special committee. It would seem to me that there ought to be a judicial investigation.

I submit, Mr. Speaker, there is a very grave danger at the present time that the public will lose all confidence in parliamentary institutions and will come to the conclusion that parliament is intent on shielding rather than exposing corruption when it involves the great corporations. Since no subject has aroused greater public interest than this Beauharnois scandal, interest extending over the past two years, it seems to me that the government would be well-advised to accept this suggestion to appoint a royal commission to go into every aspect of this affair, and particularly, as the attempted amendment puts it:

> Especially with regard to all moneys derived from the sale of the $13,000,000 of collateral trust bonds issued by the Beauharnois Corporation Limited.

I suggested thirdly:

> —a very large section of the people demand government control of the whole Beauharnois enterprise.

I know there are those in the province of Quebec who have been very strong in their advocacy of provincial rights in this matter, and who at the same time have been very strong—until recently at least—in urging private ownership.

Mr. LAVERGNE: They are not very numerous.

Mr. WOODSWORTH: Possibly, as the hon. member for Montmagny (Mr. LaVergne) suggests, they are not very numerous. But I do believe there is a growing number of the people across Canada who are convinced that the only way to settle this matter properly is by government control of the whole Beauharnois enterprise. Then I suggested:

> Further, at least the more thoughtful part of the public demand legislation that will prevent similar occurrences in the future.

I believe that that too is an increasing demand on the part of the public. So far we have had no legislation. When on various occasions this session some of us have raised the question of watered stock we have been told that it was practically impossible for the government to do anything in the matter. The lid has been lifted a little bit in this Beauharnois question, and we have seen how the public has been defrauded and exploited. But those who know anything about the way a great many corporations have been carried on will recognize that Beauharnois is not by any means an isolated example of exploitation and corruption, and whether or not these other cases are investigated as fully as Beauharnois, at least we should have such legislation as would prevent this kind of thing in the future. It is, however, very difficult for any private member to introduce legislation of that kind. Only to-night we had an example of how strictly the rules of procedure are interpreted, in that no matter may be brought up by a private member if it involves in any way the expenditure of public moneys, nor even any resolution which expresses the opinion of the house on a certain course that might involve the expenditure of public moneys. Under these circumstances it is next to impossible for any member to propose legislation; all we can do is to appeal to the government to take action along this line.

In concluding my speech on this question on May 26 last year, I ventured to summarize the points which I had been trying to make, and as I have not the time to-night to argue the case, I should like to read this summary, which I think is in line with the presentation just made by the hon. member for Bow River (Mr. Garland):

> The claims of this corporation are based essentially on the old claims of the Roberts. The Dominion government owns the Roberts' works, as is shown by the fact that the present corporation is paying a nominal rental charge to the Dominion government.

That fact was brought out very clearly in the factum to which reference has been made; indeed, it was the reading of the factum that largely converted me in the matter. I could not read that presentation as made by the Attorney General and others on behalf of the late administration without believing that there was a very strong case for the dominion ownership and operation of the water-powers of the St. Lawrence.

> Under the British North America Act, public works on the St. Lawrence were definitely put under Dominion jurisdiction.

It was a surprise to me when I read the British North America Act. It may be said—I know it has been said—that the clauses cited related to certain particular powers, but I am still of the opinion that, since the claims of the present corporation are based entirely on the rights of the Roberts, from the legal standpoint these powers are still within the jurisdiction of the Dominion government. I further urged:

> Moreover, the province can incorporate only such companies as contemplate distinctively provincial objects,—and the objects of the Beauharnois corporation are decidedly not provincial but, in fact, interprovincial in character.

That is one of the points just discussed by the hon. member for Bow River, and the

other point I have mentioned is also elaborated by him.

> The St. Lawrence system is essentially a great dominion project, and if we are ever to carry it through successfully we cannot allow anything to stand in the way. Finally, this whole question involves our international obligations.

I still believe I was right in the position I took a year ago. I quite admit that there is ground for dispute as between the dominion and the province. As a matter of fact, it is rather curious that in this particular instance the jurisdictional dispute arises with respect to two distinct aspects of the same enterprise. The province claims the water powers, which claim a great many of us cannot concede and which the factum already quoted disputes. But the province claims—

Mr. CASGRAIN: May I ask the hon. gentleman a question? I understand that my hon. friend refers to the factum that was presented on behalf of the Attorney General of Canada. Has he been made aware of what the decision of the supreme court was on that factum as presented? If my contention is correct, the point of view of the provinces was upheld.

Mr. GARLAND (Bow River): Oh no; as a matter of fact the weight of opinion was against the province.

Mr. WOODSWORTH: As I understand it—

Mr. MACKENZIE KING: Could you understand it?

Mr. WOODSWORTH: I was going to say that the decision, as I understand the matter, was left very indefinite. But the point I was emphasizing was that the case as presented by the representatives of the Dominion government still stands. There is nothing to offset that, and it still stands. While the province has claimed the water-powers, and while the Dominion government at that time put in a claim for them, there is no doubt that the canal comes exclusively under the jurisdiction of the Dominion government. So that at best we have the dispute relative to merely one aspect of the project.

I am inclined to think that the province of Quebec secured a great strategic advantage when, apparently without consultation with the dominion, and without waiting for any judicial decision whatever, it granted a charter to a company to go ahead and develop the water-powers the possession of which was under dispute.

Mr. LAVERGNE: It is assuming a lot to say that there was no consultation.

Mr. WOODSWORTH: The hon. member may know more about that than I do; at any rate, nothing has been brought out in public to show that there was such consultation. I was giving the late administration—

Mr. LAVERGNE: The benefit of the doubt.

Mr. WOODSWORTH: Yes, the benefit of the doubt, especially after reading the strong presentation in the factum. However, I say that the province of Quebec undoubtedly secured a great strategic advantage in immediately granting the charter and permitting a company under provincial charter to develop these water-powers. But we have reached the stage where this corporation is not able to carry the enterprise through. It is in difficulties to-day, and here it seems to me is the Dominion government's chance. Up to the present time the Dominion government has not done a very great deal in the matter, but one thing that has been done is this: the 80,000 shares issued to the Sterling Corporation have been turned in for cancellation in accordance with the demands made by the government. I give the government credit for that. I do not know just how much these shares are worth, nor do I know under what pressure they were turned in, but I do think that is a good thing, more especially as it seems to me to establish a precedent for the confiscation of watered stocks. I should like to think that this will be done with other shares in this corporation, and with shares in other corporations as well. However, that much has been done, for which I give the government credit. Further, the government has declared that the ownership of the canal is with the Dominion government. That too is a good thing, although I do not know that in reality it amounts to a great deal, because the canal, although it was not owned before by the government, had to operate under the supervision of the Dominion government. I do not know that there is any financial change involved, and it seems to me that in this matter the government has not made anything more than a technical gain.

On the other hand the government have assumed enormous responsibilities; they have backed the banks, they have, as it were, underwritten the scheme. Since the bondholders do not appear to be in a position to carry through the enterprise for themselves, there is a great danger of the whole undertaking falling into the hands of some one person capable of putting it through. The name of that one person is on the lips of all—Sir Herbert Holt. It would be a very sorry triumph indeed if the net result of the ex-

posures in this house is that the Dominion government will be obligated to carry the canal through to completion, whereas under the old arrangement it would have been completed without any government financial responsibility, and further that the enterprise is to be taken out of the hands of a financially small man like Mr. Sweezey and thrown into the hands of a big financial man like Sir Herbert Holt. If that is the net result of it all, it will be most unfortunate and disappointing.

It does seem to me that it is now quite possible for the government to take over this whole scheme as a dominion enterprise; in fact I do not see any other way in which it can be saved. Even if we conceded the claims of the province of Quebec to the water-powers, the government might still take over the enterprise, considering the financial obligations they have already incurred. They undoubtedly have the right to construct the canal. If it were found that Quebec had certain rights in the water-powers, those surplus powers not needed by the dominion for canal purposes could be turned over to that province for distribution. The same thing could be done in connection with the water-powers in the province of Ontario. If it is found that the dominion has not the rights which many of us think it has to the water-powers, let the dominion continue this undertaking as a great public work; let it carry on the development; let it use what power it needs for canal purposes, and then turn over the residual amount to the provinces.

Mr. GARLAND (Bow River): On proper terms.

Mr. WOODSWORTH: Certainly, on proper terms. That could be done even if the provincial rights are conceded, but I do not see why those claims should be conceded without a reference to either the supreme court or the privy council. When the Prime Minister (Mr. Bennett) was making a statement a few weeks ago I asked if it were not possible to present another case to the courts. I do not know that I am sufficiently familiar with legal terms to state properly what I have in mind, but it seems to me that if the Dominion government went ahead and quietly assumed control, they could then go to the courts and have a better chance of a decision being arrived at. I think the chances would be better than if a hypothetical case were presented, as was done the last time the matter was referred to the supreme court. Let us go ahead and seize this undertaking; let the government go ahead with its canal project—that will involve the development of the dams and other facilities necessary in the development of water-power—which it has an absolute right to do, and then, if the provincial government challenges the government's action, there would be an actual case to be presented to the supreme court or the privy council.

In the few moments that remain to me I should like to run over very briefly one or two of the points contained in the amendment which the hon. member for Acadia (Mr. Gardiner) was not permitted to place before the house. There is no doubt a good deal of public money is involved and more that will be needed before this project is completed. That in itself seems to me to warrant active interference on the part of the government. Only the other day I was approached by several bondholders who were anxious to know what the government could possibly do in the matter. The affairs of this project are now in rather a critical state and the government by taking a strong line of action could settle the matter without any great difficulty.

I have already urged the nationalization of the whole project, and I do not know that it is necessary to say more in this connection. The hon. member for Bow River has quoted the words of the Prime Minister in connection with radio. If it is necessary to prevent radio from being exploited, it is surely necessary to prevent our water-powers from being exploited. If it is wise that radio should be maintained as a heritage for our children, it is surely wise that these great water-powers should also be retained as a heritage for our children. The suggestion is made that a federal hydro-electric commission be appointed, and I cannot see why that suggestion would not be feasible. With our transportation systems in such serious condition, it is highly desirable that there should be a correlation of all our various means of communication and transportation.

Another point is in connection with the question whether or not the act passed by the province of Quebec which granted the charter to this company is ultra vires.

Mr. LAVERGNE: There is no doubt it is.

Mr. WOODSWORTH: The hon. member across the way says that there is no doubt it is ultra vires, and that expression of opinion is on the lips of a great many people to-day. That should afford a legal basis for the carrying out of other definite and constructive measures. If I may venture to speak not only for my own constituency but to express what I know is the feeling prevailing in the western

provinces, I would say that the people of the prairies realized very keenly that Beauharnois is a matter which concerns not only the east but the west as well.

Mr. LAVERGNE: That is also the opinion of Quebec.

Mr. WOODSWORTH: I am glad to hear that it is also the opinion of Quebec. If that is true, then there seems to be no reason why we could not get action along these lines. Further than that, I know that the west as a whole will stand stoutly behind public ownership and will back up any action on the part of the present government which will give us control over this great national heritage.

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, I do not think it is necessary to follow the hon. gentlemen in all the extreme and exaggerated statements which they have made. The argument contained in the factum presented by the Attorney General of Canada to the Supreme Court of Canada seems to have convinced hon. gentlemen of the third party as to its sanity, soundness and logic but it failed utterly to have that same effect upon the supreme court. Fortunately it was the supreme court that had jurisdiction in the matter as well as the duty and obligation of rendering a decision in the premises. But I should be very reluctant that either this house or the country should take its final opinion on legal questions from either the hon. member for Acadia (Mr. Gardiner) or the hon. member for Bow River (Mr. Garland). The hon. member for Acadia this afternoon endeavoured to show, without any supporting argument, that it is illegal in Canada for our banks to make a loan on the bonds of an incorporated company—that was his suggestion—especially if that incorporated company held real estate or immovable property. No more absurd opinion, I suggest, could possibly have been rendered, and if the contention of the hon. member for Acadia were to be accepted, we would have very many financial problems added to those with which we are now faced. There can be no doubt that under the provisions of the Bank Act loans may be legally made by a bank on the security of bonds of an incorporated company.

But the hon. member for Winnipeg North Centre (Mr. Woodsworth) professed to be anxious to have the waters of the St. Lawrence within the province of Quebec declared to be a national interest and taken over and administered by the federal government of Canada. He suggested that all the provinces of the west were entirely in favour of such action. Such advocacy would have had more influence upon my opinion had it been publicly made some years before the water-powers of British Columbia within the railway belt, which water-powers were undoubtedly within the jurisdiction of the dominion, were, at the request of western members, transferred to that province, they contending day in and day out that British Columbia demanded that the water-powers within its borders should be administered by the provincial government. In recent years I have been in the house during two or three sessions when members from the provinces of the middle west, Manitoba, Saskatchewan and Alberta, have demanded most vociferously that the natural resources, including the water-powers, of those three provinces, which were undoubtedly vested in His Majesty in the right of the dominion, should be transferred to those provinces, not merely as a property right but so as to bring those water-powers within the legislative jurisdiction of those respective provinces. I did not hear the hon. member for Winnipeg North Centre raise his voice against that transfer to his own province of Manitoba, which he then represented, nor did I hear a voice raised from either of the other two provinces, Alberta and Saskatchewan, against such a transfer. It was made with the almost unanimous approbation of both sides of the house, and it remains to-day as a transfer which vests those natural resources, including water-powers, in His Majesty in the right of these several provinces.

The provinces are rather jealous of their rights. Ontario has persistently claimed that the right to develop one-half of the flow of the St. Lawrence river within the international section is vested in the crown in the right of that province, and public and legal opinion in that province has almost unanimously approved that contention. In our province of Quebec, we are rather sensitive with regard to our rights. That province has insisted not only that the water-powers on the great rivers within its borders are vested in the crown in the right of the province, but that the water-powers on the St. Lawrence where it flows through Quebec are vested in the crown in the right of the province. It is not for me to say that that contention is valid until it is finally passed upon by a judicial court of final appeal. But when the hon. member for Winnipeg North Centre suggests that we should take that property and that right, leaving the province to contest our taking of its property, that is simply making the appeal which the ordinary burglar makes when he enters a house and takes property which he knows does not belong to him, leaving it to the householder to put the burglar out and to protect his chattels. I feel some-

times in sympathy with the hon member for Winnipeg North Centre when he suggests, in regard to the protection of labour in this country, certain social improvements, but that proper end cannot be attained by burglary and theft such as he has advocated in this house to-night.

Mr. WOODSWORTH: I rise to a point of order. The hon. member has suggested that I have been advocating burglary in the house to-night. I have not advocated anything of the kind. I have suggested that the Dominion government has certain rights. The hon. member differs from me. He has a perfect right to differ, but he has no right to say that I have advocated burglary, and I ask him to withdraw that expression.

Mr. CAHAN: Perhaps I should withdraw my nomenclature for the subject matter which the hon. member advocated, but he and I differ as to what burglary and theft mean. What is clear to me is that by reiterating scandal when it serves no good purpose, what my hon. friend has in mind is not the preservation of national rights. If that preservation were his sole object, I could approve it, but it seems to me, from time to time when his argument is brought home, the hon. gentleman deliberately, earnestly and persistently seeks to break down parliamentary institutions and responsible government in this country. In that end and purpose I certainly cannot agree with him.

First, I shall deal with the argument that simply because section 12 of the act incorporating the Beauharnois Light, Heat and Power Company provides that "the company may supply, sell and distribute light, heat and power in any direction within a radius of forty miles from the town of Beauharnois," and assuming that forty miles from the town of Beauharnois would extend across the United States border, therefore, it is asserted, this act is ultra vires of the province, because it provides that a provincial company may transmit its power across the border. I do not think that either the Supreme Court of Canada or the Judicial Committee of the Privy Council will place that interpretation upon it, which was clearly not the interpretation placed upon it by the government and the legislature at the time the act was passed. I would suggest that the Supreme Court of Canada or the Judicial Committee of the Privy Council might well interpret that section to mean that the company is authorized to supply, sell and distribute light, heat and power in any direction within the legislative jurisdiction of the province of Quebec within a radius of forty miles from the town of Beauharnois. But to suggest to this house that the whole act is ultra vires because of the extreme and exaggerated construction placed upon that single section seems to me to be absurd.

With regard to Beauharnois, I regard this debate as exceedingly inopportune. This house has decided by the statements made by the leaders of opinion on both sides that no active step should be taken to prevent the holders of the collateral trust bonds of the Beauharnois Company from realizing upon the security which they have for their bonds, or from placing themselves in a position where they can approach the government of the province of Quebec and also approach this parliament, so far as it has legislative or its government administrative jurisdiction, to procure our sanction for measures whereby they may carry on to a conclusion and a completion the undertaking of that company. These bondholders have had to wait while another house of this parliament has been considering the Beauharnois scandal. They have had to wait until a commission appointed under the legislative authority of the province of Ontario had finished its investigation into certain features of the so-called Beauharnois scandal. But now I say to hon. gentlemen, give to these bondholders an opportunity without further obstruction or further reckless and immature criticism to meet together, as they seek to do, to form their proper committees, and take such measures as are within their jurisdiction as bondholders in order to place this undertaking on a sound and secure basis. The trustee for the bondholders at their request has called a meeting at Montreal for the tenth of June, 1932, and these bondholders are meeting there for the purpose of examining into the undertaking, business and affairs of the company and of taking such measures as will enable them to preserve their rights and interests. It would be, I think, not only inopportune but improper for the government of Canada, while we ask them and have asked them to take these measures to protect their own interests, to intervene and obstruct and preclude them from taking those measures which are necessary in order to preserve their property rights.

The hon. member for Acadia suggested that all the Beauharnois legislation we have passed is utterly illegal and invalid because the word "limited" is used after the name of the Beauharnois Light, Heat and Power Company. Well, Mr. Speaker, that is so frivolous that one finds difficulty in dealing with it. Anyway I will say this, that in drafting the statute, chapter 20 and chapter 19 of last year,

the Beauharnois Light, Heat and Power Company was described as a limited company. It is a limited company in effect although the word limited is not in its name, but that that statute did not definitely describe the company incorporated and organized under the legislation of the province of Quebec, which was therein referred to, I absolutely deny; and I doubt if my hon. friend could find a sane and sound lawyer throughout the length and breadth of this country who would say that that statute is invalid in consequence of the objection my hon. friend has raised.

The hon. member for Acadia suggests that because this canal has by section 1 of chapter 20 of the statutes of 1931 been declared to be a work for the general advantage of Canada, therefore the government of Canada is entitled to go in and take possession of the company's property and confiscate it and forfeit it to the crown in the right of the dominion. Otherwise his argument seemed to me to be absolutely without effect.

Mr. GARDINER: I object to that statement, Mr. Speaker. I never suggested that this government go and confiscate the property. My hon. friend is drawing upon his imagination too much.

Mr. CAHAN: So far as my imagination extends, if I could reach anywhere near the limits of the mind of the hon. member for Acadia in his discussion of this afternoon, I should abandon my robe and profession as a lawyer for the writing of extravagant poetry or romance.

Mr. GARDINER: It is a great pity the hon. gentleman has not that much imagination.

Mr. CAHAN: Let us stick to the facts. Section 1 of chapter 20 says:

> 1. The canal now being constructed by the Beauharnois Light, Heat and Power Company, Limited, a body corporate, incorporated under the laws of the province of Quebec, between lake St. Francis and lake St. Louis, on the south side of, or in or along the St. Lawrence river, and the works on land or lands covered with water, excavations, embankments, retaining structures, remedial works, dams, locks and other works appurtenant to said canal, now executed or hereafter to be executed, are hereby declared to be works for the general advantage of Canada.

That simply means that the canal and the approaches to the canal, the walls of the canal and the locks and other works appurtenant thereto, which may be useful for navigation now or in the future, are declared to be within the legislative jurisdiction of the parliament of Canada; but it so far leaves untouched the power house and power works and the hydro-electric installations in the power house and other works. Then to show the meaning clearly, section 2 of chapter 20 says:

> The governor in council is hereby authorized from time to time to make any orders, rules or regulations which may be deemed necessary or convenient with respect to any diversion of waters of the St. Lawrence river by said company or appertaining or relating to the protection of the paramount rights and interests of navigation in and through said canal and connecting waters.

So that we have taken authority by order in council to protect our paramount rights in respect of water flowing through the canal or ditch which has been or is being constructed by the Beauharnois Light, Heat and Power Company. But then, in order that it might be made clear that we had no intention to encroach upon the exclusive jurisdiction of the province of Quebec this parliament enacted in section 4:

> Nothing in this act contained shall be deemed to affect any right that may be vested in the province of Quebec over or in respect of the use of the waters of the river St. Lawrence for the development of hydro-electric power.

Since the arguments which were included in the factums from which the hon. member quoted so freely this afternoon failed to persuade the Supreme Court of Canada or the Judicial Committee of the Privy Council, this constitutional question which has been raised as to legislative jurisdiction is not yet finally and conclusively decided. It can be decided in only one of two ways, either by a final decision of a judicial body, through litigation arising with regard to the subject matter, or by agreement between the dominion and the province with confirmatory legislative and parliamentary enactments.

It so happens that the Prime Minister and my colleagues committed to me, in conjunction with the representatives of the province of Quebec and of the Beauharnois Light, Heat and Power Company, the drafting of the order in council P.C. 504, of March 1, 1932, to which reference was made to-day by the hon. member for Acadia. If need be, although forty minutes is not sufficient time in which to enter into so lengthy a discussion, I am prepared to vindicate and support the terms of that order in council as being to my mind perfectly fair and equitable as between the parties, and within the legislative jurisdiction of the parliament of Canada under the terms of the acts to which I have just referred.

Chapter 19 of the acts of last year provided that the Beauharnois Light, Heat and Power Company has the right to utilize 53,072 cubic feet of water by the diversion now being

made. That right, whether it was founded upon an invalid or a valid enactment of the province of Quebec, was ratified last year by the unanimous vote of the parliament of Canada. Section 2 of chapter 19 reads:

> The Beauharnois Light, Heat and Power Company, Limited, its successors or assigns, in so far as it may be within the competence of parliament, is hereby granted the right to divert from lake St. Francis up to but not exceeding 53,072 cubic second feet of water of the flow of the river St. Lawrence, to be returned to lake St. Louis and to be used for the development of hydro-electric power between the two said points, in such manner, upon such terms and conditions and with such limitations and reservations as may be prescribed by order of the governor in council.

Then section 3 of chapter 19 provides:

> The governor in council shall not consent to any further or additional diversion by said company of water of the river St. Lawrence except with the express approval of parliament.

That is what parliament demanded, and what parliament reserved. Therefore I do not think there can be any solid ground for the legal contention that the right to use 53,072 cubic feet of water is not vested in the Beauharnois Light, Heat and Power Company at the present time. The company has that right, in so far as such right could be conferred by the legislature of the province of Quebec. It has that right, in so far as it could be conferred by the parliament of Canada, exercising its proper and recognized legislative jurisdiction.

For the present it seems to me that the one aim and object of this parliament should be to enable these people, who for good or ill have invested some $27,000,000 in the securities issued by the Beauharnois Light, Heat and Power Company, to meet together and take appropriate action so as to place the company in a position whereby its financial stability will be assured, and where it will be enabled to approach the parliament of Canada and, if need be, the legislature of Quebec, for such additional diversions as parliament in its wisdom may be prepared to grant. When those additional diversions are authorized, parliament may, within the limits of that legislation, place any terms and conditions upon the grant that it may see fit. First, however, we must have a company able to function in a proper and efficient manner. All this government has done is to give the company time, so that it may function, and to that end my personal opinion would be that further judicial investigations are not now opportune.

If the hon. member for Acadia really desires to know the financial structures which at present exist, he will have no difficulty in obtaining that information. Where the money went is well known. He cannot read the report of the committee upon which he sat without gaining that information, and if he wishes further information I am sure I could give it to him, as a result of my own investigations, so that there will be no necessity for a royal commission in order to elicit the facts.

Mr. GARDINER: Can the minister give information to the house as to where the $4,000,000 went about which the Prime Minister spoke?

Mr. CAHAN: Yes, I can, but I did not wish to be led into discussing that phase of the subject, because there were some of the other tergiversations of the hon. gentleman with which I wished to deal. The amount payable and paid to the Beauharnois Power Syndicate by the Beauharnois Power Corporation Limited, under the agreement dated December 17, 1929, to which the Prime Minister referred, for the purchase of the assets and undertakings of that syndicate, amounted to $4,750,000. By payment of that sum of money the company acquired the property and assets of the syndicate. That property and those assets were acquired by the syndicate's expenditures, for which the Beauharnois Power Corporation Limited received dollar for dollar in value to the amount of $2,500,000. Of the balance, $2,250,000 was used by the syndicate for its own purposes. One of those purposes was to take $1,000,000 in cash and pay for the capital stock of the Beauharnois Power Corporation Limited for which they had subscribed to the extent of 1,000,000 shares of a nominal value of one dollar each. Those, I think, are the facts beyond a doubt. But in the length of time available for a discussion such as this, right on the eve of the prorogation of parliament, one cannot go into all these details, and for the present I ask this house to believe that the Prime Minister and his colleagues have been giving a great deal of anxious thought to devising the ways and means by which this great undertaking, of so much importance, not only to the province of Quebec but to the adjoining province of Ontario, may be brought to fruition on a proper basis, so that it may function for the future to the advantage of Canada as a whole.

Now, in view of these considerations I ask whether this parliament is not prepared to give the government its confidence in working out this very grave problem, which is not of our making, which was thrust upon us, but to which we conscientiously and sincerely are

giving our time and attention in the hope that this great project may not be destroyed, and that the money invested in it by so many of our people throughout the length and breadth of Canada may not be entirely lost.

Mr. GARDINER: Before the hon. Secretary of State sits down may I point out to him that the $4,000,000 I referred to was the sum which the Prime Minister mentioned in his statement to this house on April 18, and is not the $4,750,000 which my good friend the Secretary of State dealt with.

Mr. ARMAND R. LAVERGNE (Montmagny): It is very seldom, Mr. Speaker, that the hon. member for Winnipeg North Centre (Mr. Woodsworth) and myself agree, we are generally at the antipodes—

Mr. WOODSWORTH: It is very serious for us to be burglars.

Mr. LAVERGNE: —but I wish to put myself on record as endorsing what has been said by him and by the member for Acadia (Mr. Gardiner). I like doing a little housebreaking for the purpose of preventing the house being burned down by the people who have gone into it. I desire to put the question on a higher plane. I am not so much concerned with those who have lost millions of dollars in this project. It is all very unfortunate, but it is a story we hear very often in these days. I shall not attempt any legal quibbling as to whether the Beauharnois canal or the water-power belongs to the province or to the dominion. I have my own legal opinion; I have not a shadow of doubt that it belongs to the dominion. But that is not the question; it is higher and more important. I think if the common people of Quebec have one opinion on the matter it is that that the St. Lawrence is a national asset which belongs to the confederation of Canada, not to the Beauharnois corporation or the Beauharnois Light, Heat and Power Company, or some other corporation. This is the last natural resource which is left to the people of Quebec; the others have been sold, given to, or robbed by, the great corporations. I repeat, this is the only natural resource left to the people of the province of Quebec, and in that way to the people of the dominion. Our only hope, our only salvation, is that the federal government will treat this great public work as a public ownership undertaking, so that the people of Quebec and of the dominion shall come into their share. And it is about time they should.

AGRICULTURAL CONDITIONS

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, even though the session is in its last hours, we feel we must once again draw the attention of the house and the government to the distressed condition of the agricultural industry. I think it is true that there are still great numbers of people in Canada who do not know how terrible are the conditions under which the farmers of Canada are struggling. It is very easy for those who are living comfortably not to realize the distress of the agriculturist. So I ask the house to bear with me for just a few minutes while once more I outline those conditions.

The farmer is bearing much more than his share of the depression. We know that the price he gets for his products has fallen much more than the price of those things which he must buy. The price of what he sells has fallen sixty-four per cent, while the price of what he buys has fallen not quite fourteen per cent. Farmer's debts and interest charges, insurance premiums, and so on, are fixed in terms of dollars. These dollars cannot be secured by him in any way but through the selling of his commodities. In other words he must sell his commodities in order to secure the dollars with which to pay his fixed charges. Therefore when his debts are measured in commodity prices, we find they have doubled and trebled in the last three years. I think every member must conclude that this condition cannot go on, that either the price of the farmer's commodities must be raised to something like the level on which the debts were contracted, or the debt level must be lowered to something like the commodity price level—or a little of both. As it is at the moment, the farmer in every province is on a buyer's strike. True, it is an unorganized strike, but it is none the less effective. He is on a buyer's strike because almost his whole output is needed to meet his fixed charges, and he has no money left with which to buy many things not only that he would like to buy but that he actually needs. The last census showed that forty-seven per cent of our population are on the land. We cannot cripple the buying power of such a large percentage of our people without paralyzing the commercial life of Canada, and adding great numbers to our unemployed. I think the house will agree with me that there will be no return to prosperity in this country until the purchasing power of the farmer has been restored. The agriculturist in Canada faces

peculiarly difficult conditions. He sells at wholesale prices and buys at retail; he sells in a free market and buys in a protected market, and the continued effort of governments to shut out imports certainly tends to destroy the farmer's markets. He sells as an unorganized individual in a highly organized world, and buys as an individual from organized trade. Then the farmers pay higher interest rates and they have a higher per capita overhead than any other class with an equal net income.

For many years, ever since I came to this house until this last year, the farmer's whole problem has been made more complex by our immigration policy. We spent very large sums of money, which finally the farmer had to pay, for the purpose of bringing into this country immigrants who became competitors with our established farmers. Then, added to all these conditions which have prevailed for many years, the farmers of Canada to-day are finding life almost impossible because of the exchange problem between Great Britain and Canada. Great Britain provides, if not the only market, almost the only one in which the Canadian farmer can sell his surplus products; but when the farmer places his products on the British market and is paid in British currency he loses on exchange. In converting that British currency into Canadian currency, eighteen per cent of the price of his product is lost. The farmer has many other difficulties to face, and they are taking the heart out of him. The result is that the Canadian farmer feels he cannot go on, and those who have not been close to agriculture in the last three or four months can scarcely know how discouraged the farmer in this province is, and I dare say that applies to farmers in every other province. But it is not only in the exchange as between British and Canadian currency that the farmers are faced with difficulty; the fact is that the nations that are our greatest competitors in agricultural products are in a more advantageous position with respect to exchange, and this makes it all the more trying for our farmers. For instance, the Danish farmer, with his money at par with the pound sterling, has, when the British pound is converted into his own currency as much in Danish money as his products brought in British currency, whereas we are at a disadvantage to the extent of eighteen per cent. And the Argentine, Australia and New Zealand enjoy an even greater advantage. So that the Canadian farmer simply has not a chance as things are, and we who represent agricultural constituencies, whether we sit in this corner of the house or in either of the two great parties, should not allow this session to close without urging upon the government that steps be taken to ameliorate the condition of the Canadian farmer.

From time to time during this and previous sessions almost every phase of agriculture and the difficulties of the people who are engaged in that industry in its various branches have been dealt with by one member or another, and therefore I am not going to take up the time of the house to-night enlarging upon those difficulties. It has often been said in this house that although we in this corner discuss the difficulties of the farmers we do not suggest any remedies. I propose, therefore, to move, seconded by the hon. member for Macleod (Mr. Coote), an amendment which does outline remedies, and in a most respectful and helpful way we offer this government these proposals for what they may be worth. I move:

That all the words after the word "that" in the first line be struck out and the following substituted therefor:

"this house regrets that the government has not made any pronouncement of a policy calculated to meet the depressed conditions of the agricultural industry.

Further, this house is of opinion that the government should take into consideration the following suggestions as means calculated to improve the agricultural industry:

(a) the national control and regulation of currency and credit;

(b) a measure of controlled inflation having for its object increase in commodity prices, and as a first step towards this end bringing our currency to par with the pound sterling;

(c) a substantial reduction of farm indebtedness and interest rates;

(d) financial assistance in creating processing plants under farmer control;

(e) international agreements on tariff matters;

(f) the creation of an export marketing board;

(g) that farmer cooperative selling organizations be permitted to import goods received in other countries in exchange for Canadian agricultural products without the imposition of customs or dumping duty;

(h) relieving the farmer of some of the indirect taxation and substituting heavier direct taxation based on the ability to pay.

Mr. A. W. NEILL (Comox-Alberni): The matter to which I wish to refer is a little different from the subject matter of the amendment, but it has something in common with it. It is altogether different and rather an anticlimax to the long drawn-out debate on Beauharnois which dealt with great issues involving millions of dollars. The matter with which I intend to deal affects only the poor, ordinary toiling people and the effort they

have to make to obtain a livelihood for themselves, their wives and children. It has been said by a cynic that the Beauharnois matter is a titanic battle between two groups of financial pirates for the control of a huge money-making power development, but this matter is one which comes home to the poorest people in our land. I would not have spoken to-night had I not received a few hours ago a couple of petitions revealing such serious conditions that I feel compelled to put them before the house. Before doing so perhaps I had better make the situation clear by reading from a brief which I prepared a few weeks ago in connection with this matter. I think this brief will explain the situation and less explanation of the petitions will be required. It is dated Ottawa, May 3, and reads:

Ottawa, Ont.,
May 3, 1932.

R. C. Matthews, Esq., M.P.,
House of Commons,
Ottawa, Ont.

Dear Mr. Matthews:

In accordance with our arrangement yesterday I beg to present to your committee a statement on behalf of the Pacific coast fishermen in connection with the prices of gasoline.

You have had a lot of evidence in connection with the price of gas as used in cars, etc., but I would point out where a car will go twenty-five miles on a gallon of gas, a boat will only go six or seven. Also the use of a car, except in the case of a jitney, is often only a convenience to a man in business, but in the case of the fisherman a boat using gas all the time is absolutely essential in his business.

The fishing of which I am speaking is mostly trolling for what are called spring salmon, and later for cohoes, and some gill netting as well, practically all individual fishermen. The larger boats, owned by canning companies and packers, etc., generally have diesel engines and use a cheaper grade of fuel having a lower duty.

The market for springs caught at this time of the year is practically entirely in the States, and at the present time the market is very limited and the price very low. On fish caught by our fishermen going into Seattle there is a duty of two cents per pound, which did not seem very much when fish was selling at sixteen cents a pound, but it is a very substantial handicap now when fish is bringing five cents and even three cents a pound.

The United States fishermen, fishing in the same grounds as our men, mostly outside the three mile limit, can get their gas in Seattle for less than half what it costs our men. It has been estimated that the cost of gas and oil constitutes from 35 to 70 per cent of the cost of operating. Not only do our boats have to go out a long distance to the banks, sometimes twenty miles off shore, but the engine has to be operated all the time they are fishing, as the boat has to be kept moving slowly. The United States fisherman sells his fish in Seattle and gets two cents a pound more than our men do for it, and he buys his gas at the reduced price I have mentioned.

I might give a specific instance of what occurred last spring, that is, a year ago. Gas was being sold in Seattle at six cents a gallon, wine measure. Our customs department considered that the proper price was eleven cents, wine measure, and the difference, five cents a gallon, was held to be dumping duty. Therefore, we had a

Cost price of.. .. .. 6 cents
Dumping duty of.. .. .. .. 5 cents
Making a total cost of.. .. .. 11 cents

which, translated into imperial gallons is 13·2 cents. To this was added the regular duty of 2½ cents per gallon, imperial, making 15·7 cents as against 7·2 cents, the latter being the equivalent in imperial gallons of six cents per gallon, wine measure. At the same time the price on our side of the line was around 22 cents. At the present time the spread seems to be even greater.

I would like to quote briefly some telegrams and letters I have received. One telegram reads:

14-15 March, 1932.

"To A. W. Neill, M.P.

Salmon prices Seattle ten cents to-day this means five cents here. Vancouver unable move fish. Unless gas prices dropped considerably the whole west coast fleet must tie up and rely on government for support halibut fleet already quit. Gas selling Seattle waterfront seven cents Canadian fishermen at great disadvantage. Can anything be done situation becoming critical?

A letter reads:

March 15, 1932.

"To A. W. Neill, M.P.,
Ottawa, Ont.

Dear Mr. Neill:

You of course appreciate that in so far as we are concerned we are not very much interested in the price of gas, but being familiar with the situation on the west coast I can readily see that if the government is handling other matters that we are vitally interested in the same as they are handling this gasoline question, then it is just too bad for Canadian industries to ever hope to overcome these obstacles.

I was talking recently to a man very vitally interested in the business and he stated to me that in his opinion it is very likely, within the next thirty days, owing to market conditions, that the entire trolling fleet on the west coast of Vancouver island will have to tie up. I can readily understand this, knowing that alongside of our Canadian boats the American trollers are trolling in the same waters, and whereas the American boats are only paying 6 cents per gallon for their gasoline, the Canadian trollers are paying 24 cents an imperial gallon which is 19 cents an American gallon—or in other words, it is costing them three times as much for their fuel oil cost, which item represents at least 70 per cent of their total cost of operating their boats.

On top of this the Canadian trollers, as you know, are burdened with an additional tax of 2 cents per pound for the fish that is sold in the States, and owing to the limited market in Canada 90 per cent of the spring salmon they catch are sold in the United States. Only a few days ago, I understand, one of Nelson's packers delivered 20,000 pounds of spring salmon in Seattle, on which they only received a net

return, after paying the tax, of 5 cents and 3 cents per pound, and one of the largest fresh fish houses in Seattle intimated to me a few days ago that it was only a matter of a week or two before there would be an additional cut in prices.

So you can see that the situation for the trollers on the west coast is really serious, unless something is done."

An extract from another letter reads:

March 29, 1932.

"Re the price of gasoline to commercial fishermen in British Columbia to-day.

Our organization of trollers embodying 200 members of white fishermen will in the near future be striving to keep off the bread line; fishing at low prices for their fish and still paying the same price for their gasoline as they did when they were getting 400 per cent more for their fish. This is not logic, it cannot be done; you cannot carry on this way. Our boys are willing to fish for lower prices knowing that world conditions are such that the public cannot be expected to pay a premium on their article alongside the farmer who is getting a low price for his beef, at the same time the government cannot expect this industry to carry on with a burden imposed on them through tariffs or protection to the oil industry of Canada.

If the price of gasoline holds at the present level, our fishermen will be forced to quit and seek unemployment relief. It would be far better for the government to pay the fishermen's gasoline bill rather than force them out of business as then they would earn at least part of their keep. The country would be far ahead doing this providing they cannot get the duty down on gasoline so that the fishermen in British Columbia could import their gasoline at a price at half of what the oil companies are charging them in British Columbia to-day. This is not a case of party politics and should be thoroughly gone into by both parties of the house, the outcome of which should be pressed at Ottawa.

Salmon prices for the future are going to be below the present cost of production and the only hope of keeping going is for cheaper operating costs which cannot be done unless you get some quick action. Better this than unemployment."

Mr. SPEAKER: Do I understand the hon. member to say that he is reading from a speech prepared by himself?

Mr. NEILL: No.

Mr. SPEAKER: From what document is the hon. member reading?

Mr. NEILL: From a brief on behalf of the fishermen submitted to the committee investigating the gasoline situation.

Mr. SPEAKER: A brief prepared by the hon. member?

Mr. NEILL: I am about to read a petition presented to the Prime Minister. It reads as follows:

[Mr. Neill.]

To the Right Hon. R. B. Bennett,
Prime Minister of Canada,
Ottawa, Canada.

Dear Sir:—

We, the undersigned fishermen, citizens of British Columbia, do herewith petition the government of Canada to remove the dumping duty imposed on gasoline entering Canada from the United States of America, which is used in the fisheries.

1. That in marketing our trolled caught salmon, we have to export 80 per cent of our catches to the United States of America. Canada is only able to buy 20 per cent. By marketing our fish in United States of America, we have to compete with the United States trollers. This above mentioned dumping duty makes it unfair competition.

2. That the United States troller has other advantages. We have to pay 2 cents per pound on our salmon going into U.S.A. We also pay a duty of 2½ cents per gallon on gasoline entering Canada from U.S.A. ordinary duty.

3. That the price charged by the oil companies for gasoline on our west coast, and the low price received for our fish makes it impossible for us to operate at a profit. If this dumping duty is not taken off, we will be forced to stop operating, and ask the government for relief.

4. That if the dumping duty on gasoline is removed and we could take advantage of the cheaper fuel, it would help relieve the serious condition existing amongst the fishing fleet on our west coast of Vancouver island.

The point I wish to make on behalf of the fishermen is this, that they are not in the least concerned as to what the oil companies show in connection with profits or losses. The ramifications of the business are so great, it would be quite easy for them, as one government official stated in evidence, to buy from a parent or subsidiary company in the United States, an interlocking concern as we would say, at a price that would show a loss in the Canadian importations. That would be a mere matter of bookkeeping. One of the witnesses who gave evidence before the committee said that prices had been depressed as a result of excessive crude production; or in other words, there had been more gas produced than the consumption demanded. That may be correct, but what has that to do with the starving fishermen on the west coast of Vancouver island? It is simply the same as saying that the production exceeds the demand, a statement which applies equally to the lumbermen, the coal miner, the wheat growers, the fisherman and every other producer of a basic product. None of those industries has come to the government and demanded that we shall make its price such that it can earn even a moderate profit. All have had to take the reduced prices. The producer of one basic commodity, handicapped as he is by his

miserable price, his low wages, his infrequent employment, has this advantage, small as it may be, that he can buy the other man's stuff also at the low cost. When, however, we come to the oil people, the government says: Thus far shalt thou go and no farther. We say to the fisherman, the coal miner and the wheat grower: You must sell your stuff in competition with the world, that is below the cost of production; you can buy your wheat, coal and fish at that price; but when you buy oil, we insist that it shall be at such a price as will produce a good profit to the oil company.

The fisherman's contention is that the oil companies have taken advantage of the legislation that was passed in September, 1930, which imposed not only a bigger duty but a dumping duty on gasoline. Any relief that could be obtained in this regard would be of great benefit to the fishermen. It would keep them out of the bread line, from demanding relief from the government, because I suppose a destitute man can demand relief, a miserable dole, a few dollars a month for working at something for which he is unfitted. It would pay even the oil companies if a reduction were made in the price of gasoline, because they would sell more, they would cut down their overhead and so on. They tell us: Our overhead expenses are heavy. I can point out where a considerable saving could be made, and that is if they ended the senseless competition with other companies. You can go into any village and see three or four rival concerns—I am not talking of service stations—with four or five big stationary tanks and the usual tank delivery equipment, where there is room for only one, and of course the consumer has to pay the cost. I want to read just two short petitions that I received a few hours ago. This letter, which is addressed to me is the result of a meeting held at Kyoquot, British Columbia, on the trolling grounds, in Walters cove on May 7, 1932:

Dear Sir:

Kindly present this petition to the proper authorities, viz:

Whereas the prices on salmon have now dropped to unheard of low levels, in fact to three cents per pound for No. 1 and one cent for number twos on the fishing grounds, and whereas it is not possible to operate and make our daily bread, selling our production for those prices, and whereas the Dominion government is helping out unemployment by appropriation of funds, therefore we the undersigned fishermen petition the Dominion government to take off the dumping duty and all other duties off gasoline from the United States for use in commercial fishing, as a special measure to give us a chance to make a livelihood and not become a burden to the taxpayer of the country. Gasoline from the United States can be obtained for half price that we are paying here if the duties were removed.

That is signed by some hundreds of men. This is a short one from the Kyoquot Trollers Cooperative Association, which is a very fine body, well managed, sensibly organized by the fishermen themselves, with no expensive overhead. Up to date it has been successful, but now it is in trouble. This is a resolution passed at a meeting of the board of directors at Kyoquot, British Columbia, on May 15:

Whereas the depressed condition throughout Canada and the United States have brought food products to the present low level, the market for salmon fresh or cured has suffered more than other products, and

Whereas according to the books of our association the gross earnings per fisherman per week for the last four weeks have dropped to $9.59, and

Whereas there is no other buyer on the west coast of Vancouver island able to pay any better prices, and

Whereas our association are unable to give financial assistance, the fishermen now find it impossible to continue operating, as the average daily expense per fisherman is $2.50 per day when operating,

Therefore be it resolved that in order to give the fisherman a chance to continue to make a livelihood and be a producer and not become idle and a burden on the government, we respectfully ask the power that may be to use their influence in an endeavour to get all duties and taxes on gasoline used for commercial fishing purposes lifted.

This is a brief note that I have received and I am going to read only one sentence, as follows:

Mr. Neill:

I wish to tell you that all the Canadian trollers on the coast are tied up—

That is a fulfilment of the prophecy I read dated a month or two ago.

—owing to so low a price that they cannot operate without a loss; even some fishermen of Ucluelet going on to relief and these are good fishermen.

Some hon. MEMBERS: Carried.

Mr. NEILL: No, it is not carried. We have done little all day but listen to academic discussions. This is something real and practical, coming home to the flesh and blood of human beings.

While nothing was said in the committee's report about the fishermen's end of the matter, yet I am informed, on authority I know to be sincere and, I trust, well informed, that the big oil company out there, because there is practically only one, has inaugurated an arrangement whereby the fishermen on the Pacific coast can secure a considerable reduction in the price. They propose to put in what I take to be some kind of what is called stepped-up distillate, that is, improved distillate, which they will be able to sell at five cents a gallon less than the present price

of gasoline and which they guarantee will be absolutely suitable to the fishermen's engines. Further, they propose to give the fishermen a two-cent cut in the price of ordinary gasoline below current prices. If that is so, and if it is continued, it will be satisfactory. It will help the fishermen to help themselves; also it will help the oil companies, of course, by enabling them to sell more; but until I have definite knowledge that this is really in existence and at least some expectation that the arrangement is permanent, I must continue to press for the request of these men, so desperately near destitution, that the duty and dumping duty on gasoline should be removed.

To these men, hoping against hope that something will be done, what a hollow mockery it must be to be told that the committee has decided that the price of gasoline is reasonable! I am willing for the moment to grant it is reasonable so far as the Imperial Oil Company is concerned, but I contend that neither we as parliament nor the government are under any obligation to see that the Imperial Oil Company makes either a good or a reasonable or any profit in these times. In better times that is a matter we should consider, because we want industry stimulated, but in these days we are in a world-slashing competition, where everything is being sold below cost, and each can buy the other's product below cost. That is not desirable, and we would not grudge paying more for the other fellow's commodities so long as he was paying more for ours. But when we have to accept a lower price on our product, we should not have to pay a high price or even a reasonable price to the oil companies. That is where the error comes in. The premises are wrong when we are told that this must be applied only to oil. If for oil, why not for wheat? Let us carry the thing further. Let us be consistent. Either let all buy at low prices or let us have fictitious prices created by law for the benefit of us all. If I had had anything to do with the investigation of gasoline prices I would not have worried about costs at all. I would have said to the oil companies: What are your prices? If you like to give us your costs, well and good. That is a matter of interest, but it does not greatly affect this issue. We want your prices. Then I would have easily checked them up, yes, and checked them up without spending ten thousand dollars. Then I would have taken steps to ascertain what genuine competing companies were prepared to put gasoline down at, not companies ostensibly competing in Canada but actually engaged only in distribution, because it was admitted in the evidence that one company dominated the prices of them all. Then I would have gone to some foreign country, if there was no competition in Canada, to Peru, the United States, the West Indies, Roumania, even to Russia if that were necessary, and I would have asked for their prices and I would have got them. Then I would have come back to the big company in Canada and I would have told them that the law of trade is the law of the survival of the fittest. I would have said: These are the competing prices you must meet. We would like to see you get the business at these prices. Meet those prices inside of two weeks, or we shall recommend the government to take the dumping duty off. If that had been done, we would not have the situation we have in Canada to-day.

That, Mr. Speaker, is practically the case for the fishermen. I have put it poorly; I have not had time to do it justice. Their situation is desperate. Are we going to help these men to help themselves, or are we just going to give them this miserable dole, letting their boats deteriorate—and they deteriorate very quickly when tied up—letting their nets deteriorate as they do even more rapidly when not in use; letting their gear go down and letting the morale of the men go down, because a fisherman working with a pick and shovel on the road is like a fish out of water. Better give him a little help and encourage him to go on and let someone else go in the bread line if he has to.

I very much regret to have had to take up time at this late hour, because I know the desire of hon. members to get home, but I felt it was my duty to bring this matter to the attention of this house and of the government. The situation of the fishermen is desperate, and I fear for the future because desperate men will do desperate things. There is the situation, and I put the responsibility up to the government. If the oil companies would help along the lines of the suggestions made to me it might help, but it is only a supposition. If we cannot get some definite assurance, let us take some steps to reduce the duty and take off the dumping duty and thereby fulfil the promise made to us by the Prime Minister in September, 1930, when he said—I could quote Hansard, I have it here—there will be no increase in prices because of an increase in the tariff. When my hon. friend from Shelburne-Yarmouth (Mr. Ralston) and myself pleaded with the government to exempt the fishermen the Prime Minister said that it was unnecessary to talk of such a thing because there was not going to be any increase in prices. Possibly there has not been, but the

other side of it is that there has been no reduction in prices when there should have been. That possibility was put up to the Prime Minister and he said: If there are substantial reductions in prices elsewhere and none in Canada when there should be, we would consider that a breach of the agreement. I maintain, Mr. Speaker, that it has been abundantly proved that the agreement has been broken, that faith has not been kept, and I say that it is up to the government to live up to the promise made by the Prime Minister on that occasion.

Mr. G. G. COOTE (Macleod): I think possibly I might make use of some words of the speaker who preceded me (Mr. Neill) when I endeavour to bring this discussion back to the amendment moved by the hon. member for Southeast Grey (Miss Macphail), draw the attention of the house to the condition of agriculture in Canada, and say that some measures must be taken to improve the situation now existing.

Agriculture is Canada's most important industry. Through agriculture forty-seven per cent of our people secure their living. Agriculture gives employment to more Canadians than any other industry, and the condition of agriculture is vitally important to every other industry in Canada and I think to every financial interest and financial institution in Canada.

It might be enlightening to members of the house and possibly to members of the government to give the total value of the agricultural production in Canada last year. In 1931 our agricultural production was valued at nearly one billion dollars less than in 1928. In other words, the value of our agricultural production last year was approximately only forty per cent of its value in 1928. Agriculture in Canada took a drop last year of sixty per cent as compared with 1928. May I quote the figures very briefly?

	Total value of agricultural production in Canada
1926	$1,714,000,000
1927	1,825,000,000
1928	1,806,000,000
1931	880,000,000

I doubt if any other industry could carry on for another year if the value of its production had dropped sixty per cent, and the only reason that agriculture is carrying on to-day is that the farmers are working without wages and in many cases are living on sums earned and saved in previous years. I think, Mr. Speaker, it is evident that something must be done to take care of agriculture. May I quote just one or two paragraphs from Farm and Dairy of April, 1932?

> Many people who are making money out of farmers appear not to realize how serious is the situation. When farmers, as thousands of them are doing, find it necessary to give up the use of their automobiles, to disconnect their telephones and to make many other similar economies, it is because they are reaching the limit of their resources. They know that they must save every cent if they are to pull through this time of crisis.

I would like to emphasize the first words of that quotation, "Many people who are making money out of farmers appear not to realize how serious is the situation." I repeat that many other industries in Canada are dependent on the success of agriculture for their success and continuance.

Before I leave this question of the condition of agriculture I would like to quote the actual price of a few of our basic commodities. Ontario farmers at the present time are receiving for their milk which they are sending to the cheese factory, so I was told last week, less than fifty cents per one hundred pounds, which works out at five cents a gallon or 1¼ cents a quart of milk. That does not pay for the labour involved in taking the milk from the cow. Eggs in Alberta at country points, I am told, bring three cents a dozen. In other words, it takes one dozen eggs to pay for a postage stamp to mail a letter. How can the farmers of Canada continue under those conditions?

I regret very much to have to take up the time of the house at this late stage of the session, but we have been here between three and four months, and nothing that I can think of has been done for agriculture except to reduce the estimates of the Department of Agriculture by about one-third. If anything had been done for agriculture I would not be speaking on this amendment to-night. We have waited to the very last week of the session hoping that the government would do something for agriculture. If agriculture was not in need, I would not be stressing the urgency of the situation at the present time. There is no industry in Canada that has borne the burden and heat of the day to the same degree and so patiently as agriculture. For three years prices of agricultural products have been steadily declining. I notice in the Canadian Countryman, which gives prices of butter in Toronto, that in January, 1930, butter was worth 39 cents per pound and that in February, 1932, it had fallen to 17 cents, in spite of the efforts of the government to assist agriculture. I will admit it is perhaps a little

difficult for the government to find the necessary measures to assist agriculture. In the amendment there are a number of suggestions. If we may judge from the record of previous governments in Canada with reference to their assistance to agriculture, I have no doubt the program outlined in the amendment will stand for some years before it is completely adopted. I do suggest to the government, however, that they take action on one or two of these matters before the house again assembles.

The vital question to the farmer to-day is that of prices, and the exchange value of his commodities. Before dealing with exchange values, may I say that on an average about thirty-five per cent of the farmer's income must be paid out for debts, interest, taxes, insurance premiums and other payments fixed in terms of dollars. The farmer can pay these liabilities only through the sale of his commodities. When the price he receives from such sales drops to the extent of sixty per cent we will readily understand that he must sell two and one-half times the amount of commodities to pay his debts, interest, taxes, insurance premiums, and so on. I agree with the suggestion made by the Prime Minister some time ago that the people of Canada should hang on to their insurance policies as long as possible, and keep the premiums paid up. But to-day the majority of farmers find it impossible to pay the premiums. There is one thing the government could do for the farmer, and that is to increase farm commodity price levels in Canada. There is a possibility of increasing those price levels.

May I point out that practically all our basic commodities are to-day on an export basis? I refer particularly to wheat, cattle, hogs and dairy products. The export market which fixes prices is in England. The net price at which we sell practically all our wheat—and I am using wheat only as an example—is fixed by the price of that wheat in Liverpool, in English currency, less the carrying charges for taking it over there. That price applies to every bushel of wheat we sell. Therefore the price to the Canadian farmer depends upon the amount of Canadian money we receive for the British pound. Last September we were receiving $4.87.

Mr. BENNETT: Is it not the other way about? It is the amount of money they have to pay to meet the Canadian dollar—just the reverse of the hon. member's suggestion.

Mr. COOTE: I think I can prove to the Prime Minister that my contention is correct. The price of wheat is fixed in Liverpool, when we sell, we sell at Liverpool prices.

[Mr. Coote.]

Mr. BENNETT: No, we sell at our prices.

Mr. COOTE: The price is quoted in Liverpool at so many shillings per quarter, and we sell at that price. Then we bring the British currency over here.

Mr. YOUNG: No, we do not.

Mr. COOTE: The exporter is paid with a bill of exchange on Liverpool or London. To-day he receives for the British pound only $4.17, or thereabouts; the rate varies from day to day. Were our currency at a par with English currency he would be receiving $4.87. The same applies to the sale of cattle and hogs. I am sorry I have not the article before me, but may I inform hon. members that in the monthly letter for October of the Packers' Association of Canada they state definitely that the cause of the low price of hogs in Canada is due to the fact that we have a surplus, and are now definitely on an export basis. Not only that, but we are suffering from the disadvantage that whereas last September we were receiving $4.87 for the pound, at the time this letter was issued we were receiving only $4.17. In other words there was a loss of 70 cents on every pound sterling. That situation is brought out clearly in letters of the Packers' Association.

Mr. BENNETT: The hon. member must be wrong. He knows that when the Englishman buys our wheat he buys at the seller's price, namely 63 or 64 cents. He may have to pay more shillings than he had expected, but the fact remains he has to pay it in our money.

Mr. COOTE: Ever since I can remember, we have been told that the price of wheat was set in Liverpool, that we could not set the price of Canadian wheat. I understood that we sold or kept it, just as we wished, but that when we sold it was at the Liverpool price.

Mr. BENNETT: We sell at our own price.

Mr. COOTE: And our prices are determined by Liverpool prices.

Mr. BENNETT: That is another matter altogether.

Mr. COOTE: One reason our price is higher than it was a year ago is that to-day we are twelve per cent or thirteen per cent off gold prices. The same applies to cattle. Some of the Prime Minister's friends in Calgary are probably still in possession of cheques they received for the sale of steers shipped to the old country last October or November. By the time the shipments had reached the old country and the drafts had been sent

back here in payment for the cattle the shippers could get only $4.40 per pound sterling. They held the drafts, believing that our dollar would come back to par. Some of them may still hold the drafts, and we know that to-day they are worth only about $4.17 per pound sterling. That has brought down the price of cattle in Canada. The price of hogs is down in this country. Only a few days ago I quoted a despatch from Montreal by a representative of the Canadian press pointing out that when Canadian butter was shipped to England we took a discount on the British price,—that is, when it was translated into Canadian currency. On the other hand the Danish farmer, dealing in a currency at par with the pound sterling, took no discount, and the New Zealand and Australian farmers were receiving very handsome premiums in the funds of their own countries owing to the fact that the British pound is at a premium in those countries. I am speaking only from memory, but I believe that in Australia the British pound is at a premium of about 25 per cent.

While I am on this subject I should like to refer to a copy of the New Zealand Dairy Produce Exporter, dated Saturday, February 27, 1932. This journal is issued at Wellington, New Zealand, and it carries a report of a committee of experts who had been dealing with conditions in New Zealand, who gave particular attention to the farming industry. I should like to read their findings to the house. Before doing that, however, may I quote one or two paragraphs from their report in which they deal with the dangers of inaction:

> It is true that, if no action is taken, farm costs will eventually be brought into line with selling prices, but the present economic and financial system would be in danger of collapse in the process.

I think that is absolutely true in Canada. Our financial institutions are too dependent upon agriculture to ignore the situation prevailing in that industry. The article continues:

> Those who prefer to adopt a policy of inaction, or who talk easily of "getting costs down" are completely out of touch with the realties of the situation. If internal prices in New Zealand are to be brought into conformity with our overseas prices by means of a direct attack on costs, it will be necessary to reduce interest, wages, rents, salaries and all payments for services by about 37 per cent, unless export prices rise.

The findings of this committee are very significant and should be of particular interest to this house and government. The first proposal of the committee is:

> As a first step the exchange rate should be raised to twenty-five per cent, and held at not below that level until conditions stabilize overseas. The currency should then be revalued in terms of sterling at a level to be determined by an expert committee.

As I said a few minutes ago, I believe at the present time exchange is at a rate of about ten per cent. This committee would have it raised to twenty-five per cent. That would increase the price of agricultural commodities in New Zealand by fifteen per cent. This committee also suggests:

> A reduction in all interests and other fixed charges should be imposed, subject to exemption in the case of hardship.
>
> The government and the banks should agree to a lowering of deposit and "over the counter" rates.

May I once again draw the attention of the house and the government to the findings of this expert committee, the first of which is:

> That the exchange rate should be raised to twenty-five per cent and held at not below that level until conditions stabilize overseas.

They mean until price levels overseas rise to the point where the export price of these commodities in terms of British sterling will be sufficiently high to return their cost of production to the New Zealand farmer. This committee consisted of H. Belshaw, M.A., Ph. D., Professor of Economics and Dean of the Faculty of Commerce, Auckland university college, and four other economists from New Zealand universities. I am sorry all members could not read this illuminating article. It deals very fully with the situation facing New Zealand. That situation is a good deal similar to the situation facing the Canadian farmer, but it is better there by at least twenty-five per cent, due to the difference in the value of the pound in the two countries; in New Zealand the British pound is worth somewhere about $5.25, as against $4.18 in Canada. I do not see how we are going to compete with New Zealand in the butter market of the old country with exchange at its present level.

May I point out to the committee that this morning's Citizen carries a despatch from London reporting an address by Sir Josiah Stamp before the Canada Club in London. I believe when the Prime Minister introduced Sir Josiah Stamp to us a couple of months ago he referred to him as one of the world's greatest economists; therefore I quote him with great pleasure, but of course, only briefly. Dealing with Canada's currency dilemma, Sir Josiah is reported in these terms:

> Canada's economic dependence upon world prices was greater than ever, Sir Josiah con-

tinued. It was sometimes thought her decision to adhere to some fixed relation for her currency to the New York dollar as distinct from the opposite course of adopting sterling or some intermediate level rested upon the importance to the dominion of avoiding payment of substantial premiums on her heavy New York obligations. It had been said Canada could not possibly afford this premium or its general effect upon her credit.

This dilemma was more apparent than real in the opinion of Sir Josiah. Even if Canada left her present dollar standard and her internal price level rose, she would still have to pay her New York obligations, and with gold prices raised abroad for her wheat, the relation between the Canadian dollar and the New York dollar would become immaterial for the purposes of payment.

Although it was important Canada should raise her internal price level for successful prosecution of her industries and the balancing of her provincial budgets, he believed the dominion might be no more successful than England if the advantage gained by exchange depreciation continued to be offset by falling gold prices abroad.

Mr. BENNETT: Hear, hear.

Mr. COOTE: The report continues:

It might well be better, Sir Josiah said, for the dominion's internal price level to remain practically the same as at present than for it to fall continuously in relation to the price level of the United States.

I agree with that, but I think it would be much better for the price level of Canada to rise. Of course, I am talking of the commodity price level. The report concludes:

The United States, he stated, was far better balanced internally than Canada and consequently better able to stand price depreciation.

Canada cannot stand that price depreciation, because it is affecting directly forty-seven per cent of her people engaged in agriculture; it is not affecting the remainder of the population to the same degree, and consequently you have this unfair relation of prices. This question of price stability is one on which I think Sir Josiah Stamp is an authority. He has written a book lately entitled Gold and the Price Level. I quote this one paragraph from it:

The problem of the price level is the most important single problem of the age. . . . With business men there is still a sneaking feeling that references to the price level are academic and highbrow, not practical and immediate, . . . and yet it is the most bitterly practical of all questions.

The farmer cannot continue with the present price level. In fact there is no level about it. The price of what he sells has dropped sixty per cent, while the price of what he buys has dropped only fourteen per cent. Surely that cannot continue in Canada.

[Mr. Coote.]

Mr. BENNETT: To say that the price of what he sells has decreased sixty per cent, while the price of what he buys has decreased only fourteen per cent, is hardly correct, for you are taking into consideration insurance, taxes and other items of that character which are a constant factor to all parties in the state.

Mr. COOTE: The actual figures I quoted are I think approximately correct. I based them on figures supplied by the Labour department and the bureau of statistics. Certainly they indicate the change in the different price levels. Mr. J. M. Keynes, one of the most prominent economists of the world, says:

Modern capitalism is faced, in my opinion, with the choice between finding some way to increase money values towards their former figure, or seeing widespread insolvencies and defaults, and the collapse of a large part of the financial structure.

It is that collapse which I am anxious to avoid. I urge the government very respectfully but very earnestly, to take action to raise price levels for the farmers of Canada.

Mr. BENNETT: How?

Mr. COOTE: By allowing our dollar to depreciate.

Mr. BENNETT: How?

Mr. COOTE: I think the Prime Minister knows very well how to do it. On one occasion he stated in this house—

Mr. SPEAKER: It being eleven o'clock this house stands adjourned until eleven o'clock to-morrow morning.

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

Wednesday, May 25, 1932

The house met at eleven o'clock.

IMMIGRATION ACT AMENDMENT

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, may I move for the introduction of this bill on behalf of my colleague, the hon. member for North Winnipeg (Mr. Heaps)?

Mr. SPEAKER: The hon. member in whose name the bill appears upon the order paper will have to make the application himself.

Order stands.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, I have decided not to proceed with this bill, and with the consent of the house I ask that it be dropped.

Bill withdrawn.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MR. VICTOR GARIEPY

Mr. TETREAULT:

1. How long has Mr. Victor Gariepy, veterinary surgeon of Waterloo, Quebec, been in the employ of the Dominion government?
2. On what date did he pass the examinations?
3. Was he qualified as a veterinary surgeon?
4. If so, on what date?
5. Is he, at present, in the employ of the Dominion government, in county of Shefford, if not, is he permitted to carry out tuberculine test on cattle, in the county?
6. Was Mr. Langevin authorized by the government to employ Mr. Victor Gariepy?
7. If so, by whom was he authorized?

Mr. WEIR (Melfort):

1. Dr. Victor Gariepy was employed in the Health of Animals Branch, Department of Agriculture, during the following periods:

March 5, 1928, to September 30, 1928.
November 14, 1928, to January 31, 1930.
June 9, 1930, to September 8, 1930.

2. He passed the civil service examination for veterinary inspectors in April, 1922, and was offered a position in August of the same year but did not accept it. He is not eligible for permanent appointment now; not until he passes the examinations again.

3. Yes. He was a graduate of the University of Montreal.

4. 1918.

5. No. Dr. Gariepy is an accredited veterinarian and as such can test cattle for export to the United States but his certificates must be endorsed by a veterinary inspector of the Health of Animals Branch for acceptance by the American authorities. He, in common with other accredited veterinarians, is remunerated for his services by the live stock owner engaging him to conduct the test.

6. See 5.

7. See 5.

CAPE ST. IGNACE, QUE., POST OFFICE

Mr. FAFARD:

1. Has the municipality of Cape St. Ignace, Quebec, requested that the premises of the post office be in the parish hall?
2. If so, what are the reasons for the delay in carrying out the request of the municipality?
3. Why is not that post office occupied at present by the postmaster?

Mr. SAUVE:

1. Yes.

2 and 3. The postmaster at Cap St. Ignace is required to provide post office quarters out of the remuneration he receives from the department. Post office now in charge of an acting postmaster, who keeps post office in quarters he provides himself—and which are satisfactory.

RADIO LICENCE FEES

Mr. WHITE (London):

1. How many radio receiving set owners paid the licence fee in 1929, 1930 and 1931, in each of the following cities, Ottawa, Toronto, Hamilton, London and Windsor, Ontario?
2. Are firms selling receiving sets required to report separate sales to the department when such sales are made?
3. If so, how many sales were reported in the above cities in each of the years 1929, 1930 and 1931?

Mr. DURANLEAU:

1.

	Fiscal years		
	1929-30	1930-31	1931-32
Ottawa	9,528	12,226	15,073
Toronto	61,863	81,078	83,094
Hamilton	15,490	17,593	20,391
London	8,888	9,815	9,898
Windsor	9,447	10,644	9,440

2. No, but draft regulations in this regard are under consideration.

3. Answered by No. 2.

UNOPPOSED MOTIONS FOR PAPERS

PUBLIC BUILDINGS, MARITIME PROVINCES—COAL CONSUMPTION

Mr. RALSTON:

For a return respecting the supply of coal used in public buildings in the maritime provinces for the year 1931-32, showing the name of the contractor, the location of the public building concerned, the quantity of coal, the date of the contract and the price paid.

MOTIONS FOR PAPERS

ILE AUX COUDRES—LES EBOULEMENTS FERRY SERVICE

Mr. CASGRAIN:

For a copy of all correspondence, letters, telegrams, petitions and other documents in connection with the contract to be awarded by the trade and commerce department, for the ferry-boat service between Ile-aux-Coudres and Les Eboulements, in the county of Charlevoix, since the 1st of January, 1932, together with the evidence taken in writing of all the witnesses heard at the hearing held by Mr. F. E. Bawden, of the trade and commerce department, at Baie St-Paul, in the month of

May, 1932, and his report upon such matter to the minister, and the decision arrived at by the minister.

Mr. SPEAKER: Does the objection to this motion being premature still prevail?

Mr. CASGRAIN: I have been told that the decision of the minister has been arrived at and I should like to have the production of the papers.

Mr. BENNETT: Surely this motion cannot pass as the contract has not yet been awarded and the information is not available.

Mr. CASGRAIN: I have been told on good authority that the contract has been awarded to certain parties and I should like to have the papers in connection with the investigation made and the decision arrived at.

Mr. STEVENS: The contract has not yet been awarded.

Motion stands.

ST. LAWRENCE WATERWAY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as it is altogether likely that parliament will be prorogued to-day, I should like to ask one or two questions of the right hon. the Prime Minister (Mr. Bennett) with respect to which I imagine the public would desire to have such information as he may be in a position to give. The first question is as to whether or not my right hon. friend is in position to intimate to the house what progress has been made with respect to the negotiations concerning the St. Lawrence waterway and to indicate when the treaty is likely to be presented to the public.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, negotiations in this regard have proceeded but they have not resulted as yet in the completion of a treaty. Certain questions between the province of Ontario and the dominion have yet to be disposed of. The province of Ontario is the only province interested in the international section, the river being wholly within the province so far as the province of Quebec is concerned. Negotiations with Ontario have proceeded, shall I say very satisfactorily, but there are one or two questions still outstanding. I cannot express an opinion as to the exact time when they may be disposed of; it may be ten days, it may be two weeks and it may be even two months. The completion of a treaty will depend upon satisfactory arrangements being made between Ontario and Canada but the negotiations between the United States and this country are in a most satisfactory position.

Hon. W. D. EULER (North Waterloo): The Prime Minister has stated that it is impossible to conclude the waterways treaty with the United States until after an agreement has been reached with the province of Ontario, and I think he indicated that an agreement has been reached or at least matters are proceeding satisfactorily on certain points. Might I ask him whether an agreement has been reached between the dominion and Ontario as to the ownership of the water-powers in the international section, or is there any policy with regard to the matter?

Mr. BENNETT: As was stated in the house, both yesterday and on previous occasions. there has been no decision of any court of last resort upon that question, but for the purposes of the agreement water-powers in the international section in Ontario are regarded as being the property of that province and those in the national section in Quebec as being the property of Quebec.

TRANSPORTATION COMMISSION

On the orders of the day:

Right Hon. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I should like to inquire of my right hon. friend with respect to the report of the transportation commission and as to whether or not he is in position to indicate when it may be expected. In the event of the report being presented before parliament reassembles, will it be given out immediately to the public?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it is perhaps within the knowledge of the right hon. gentleman and hon. members of this house that Lord Ashfield came to Canada a short time ago and after discussion between members of the commission it was decided that it would be impossible for them to conclude their labours in time to have a report available at an early date, that is, it will not be available within the next few weeks. As I understand the matter at the moment, and I have no definite information upon the point, it is not probable that a report will be completed for some months. The question as to whether or not the report when completed should be published before being presented to parliament is a matter which the government has not considered. I can see strong reasons for either course being taken and I have an entirely open mind upon the matter. The inclination

would be to do whatever is thought best under the circumstances considered from the standpoint of the public, but depending to some extent upon the terms of the report itself. At any rate, no conclusion has been arrived at in that regard.

MEETING OF PARLIAMENT

INQUIRY AS TO PROBABILITY OF A FALL SESSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): One remaining question I wish to ask my right hon. friend is with respect to the probable date of the reassembling of parliament. There has been an idea in some quarters that parliament might reassemble this year in the fall rather than at the beginning of the new year. If the Prime Minister is in a position to indicate what is possible or probable in that regard, hon. members might be enabled to make their plans with respect to the remainder of the year in a more satisfactory way than would otherwise be possible.

Right Hon. R. B. BENNETT (Prime Minister): I would regard it as my duty to communicate to the house any conclusion that had been arrived at in that regard, for the convenience of members, as the right hon. gentleman has said, must be considered in a matter of that kind. But no conclusion has been reached, nor has the government seriously considered the question. As the right hon. gentleman is aware, the fiscal measures in Great Britain provide that, after November 15, the 20 per cent duty imposed upon importations would, unless action were otherwise taken by that parliament, apply against importations from the dominions, and until after the conference has concluded its labours, I am not in a position to make any statement in that connection. If, however, it is concluded, immediately or shortly after the conference, to call the house together during this year, I shall endeavour to see that the longest possible notice is given so that the convenience of the right hon. gentleman and members of the house generally may be fully considered.

PROPOSED ST. LAWRENCE BRIDGE

On the orders of the day:

Mr. PAUL MERCIER (St. Henri): I should like to ask the Minister of Public Works whether any understanding has been reached between his department and the province of Quebec regarding the construction of a bridge over the St. Lawrence river at a point between Lachine or Ville La Salle and Caughnawaga.

Hon. H. A. STEWART (Minister of Public Works): I can only say that negotiations are proceeding, and I hope we shall soon arrive at a satisfactory arrangement with the province of Quebec. We have arranged for a discussion on Friday of this week.

UNEMPLOYMENT STATISTICS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I call the attention of the Minister of Trade and Commerce to some rather startling figures given on Monday before the Canadian Political Science Association in Toronto, to the effect that, based on government statistics, there were some 726,594 unemployed in March last. May I ask whether the Minister of Trade and Commerce can place on the table before the close of the session the figures as available from the last census, and also any later reliable figures with regard to the unemployment situation?

Hon. H. H. STEVENS (Minister of Trade and Commerce): The hon. member was good enough to indicate to me yesterday that he might ask this question. In regard to the very unusual figures quoted in Toronto at the meeting of the Political Science Association of something over 700,000 as the number of unemployed in Canada, I have not the faintest idea where those figures were secured. They were certainly not official; they were not secured from the bureau and my inquiries indicate that they were very wide of the mark.

The unemployment figures of the census are as follows:

June, 1931: in towns and cities of 5,000 and over, 286,874.

Another indication—and this is as near as I can give it at the present time—of the situation as it is to-day, is as follows: Taking the year 1926 as 100, these are the employment figures for the first four months of this year:

Month—	Index figure of employment
January	83·9
February	85·9
March	87
April	87·3

We have also the figures of industrial employment from some 5,000 firms of which the record is kept. While this indicates a falling off during 1931, it shows a gradual, although not very marked, increase during the present

year. For instance, in December, 1931, the figure was 414,824, and in April of this year, this had risen to 424,030. This is as near as I can give the situation to the hon. member. I would say that the indications from the figures I have on actual employment are that there is a gradual diminution of unemployment during the present calendar year. I would most emphatically say that the figure of 700,000 odd has no foundation in any authority of which I know.

Mr. WOODSWORTH: When will these census figures be available to the house and to the public?

Mr. STEVENS: They are available now. I think I can have a copy sent to my hon. friend.

HYDROGRAPHIC SURVEY SHIP

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver South): On Monday I asked a question of the Minister of Marine in reference to the hydrographic survey ship being built in Collingwood. I wonder whether he has an answer for me to-day.

Hon. ALFRED DURANLEAU (Minister of Marine): The answer is that the cost of taking the boat from Collingwood to the western coast is included in the contract for the building of the vessel.

INCOME WAR TAX ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. E. N. RHODES (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 92, to amend the Income War Tax Act.

He said: These amendments are purely verbal, with one exception which adds a provision that those persons who are hereafter appointed to office shall be subject to a deduction of ten per cent per month.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

AGRICULTURAL CONDITIONS

The house resumed from Tuesday, May 24, consideration of the motion of Mr. Rhodes that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply, and on the proposed amendment thereto of Miss Macphail.

Mr. G. G. COOTE (Macleod): Mr. Speaker, when this matter was under debate last night the Prime Minister was good enough to follow my remarks and at one or two points he raised a question as to the figures which I had quoted. I would like very briefly to refer first of all to the index price of agricultural products which I mentioned last night.

Quoting from the monthly bulletin issued by the Bureau of Statistics for January, 1932, I find that in the province of Alberta the index number of agricultural prices which stood at 100 in 1926 was in 1931 down to 40. There was a drop of 60 per cent in all farm commodity prices in Alberta during those few years, and from the index figure of 100 for 1913 the index figure has dropped to 49 at the present time. Taking the prices for all Canada, I find that based on the index figure of 100 for the year 1926, prices had dropped in 1931 to 46.9, or a drop of 53·1 per cent. Last night I gave that figure as approximately 60 per cent. I would point out that these figures are, I understand, based on wholesale prices of farm commodities. The net prices which the farmer receives are considerably less than the prices quoted. The cost of moving these things from country points to the central markets must always be deducted, and there has been very little drop in the transportation costs. So I think, Mr. Speaker, that the figure I quoted last night of a 60 per cent drop in farm commodity prices would be well within the mark.

In regard to the cost of retail goods which the farmer now buys, I find that the Labour Gazette for the month of April, 1932, gives the average prices from 1913 up to date. The figure for foods in 1926 stood at 156. It is now down to 99, a drop of 57 points or 36 per cent. But as the farmer buys very little foodstuffs, the drop in the price of foodstuffs does not enter very much into his cost of living. Fuel and light have dropped from the figure of 166 in 1926 to 150, a drop of 16 or 10 per cent. Rent stands at exactly the same figure in 1926 and 1932, but the farmer as a rule does not pay rent, so that does not enter into his cost of living. Clothing has dropped from 157 in 1926 to 123 in 1932, a drop of 34, or 21 per cent. Sundries have dropped 3 per cent and all commodities 18 per cent. Within that 18 per cent, as I said before, there is included the cost of food, and as the farmer buys very little foodstuffs I think that the figure I quoted last night of a drop of 14 per cent in the retail cost of the things the farmer buys was also approximately correct.

I would like to refer very briefly to the price of wheat. It seems to me that it does not matter whether the price at which we

sell our wheat is set by Liverpool or Winnipeg. The Winnipeg price must conform to the Liverpool price, and certainly the Liverpool price is the guiding price in the case of wheat, regardless of whether the price of wheat when we make sales, is really set in Liverpool or Winnipeg. Quoting from the Commercial Intelligence Journal for September, 1931, from the despatch of our trade commissioner in Australia, and this despatch, of course, was sent before England went off the gold standard:

> The exchange premium in Australia gives wheat growers an apparent gain of about 6½d. (13 cents) per bushel on all wheat exported.

If our dollar could be brought to par with the pound sterling within the next month it would increase the price of wheat in Canadian funds. I should also like to quote one sentence from the annual address of Mr. Robinson, president of the National Dairy Council of Canada. Referring to the rate of exchange, he said:

> I wish to make it very clear that the whole question of future prices in our industry is bound up in the question of sterling exchange and its relation to our currency and to that of the United States.

Mr. BENNETT: If my hon. friend will allow me to interrupt, the last three words that he read, "of the United States" are the key to his difficulties. You cannot have a pound value in dollars in the United States and then fix another standard here without having the difficulty referred to.

Mr. COOTE: Our difficulty at the present time is that our currency is nearer the value of that of the United States than it is to the value of the pound sterling, and it would be very much to our advantage to forget all about the United States currency and get to par with the pound.

Mr. BENNETT: Our obligations are paid in the United States.

Mr. COOTE: Our obligations in the United States are not paid in Canadian dollars.

Mr. BENNETT: They are paid in gold.

Mr. COOTE: We discharge our obligations in New York by buying foreign exchange if we do not renew them, and the only way we can pay for our obligations is by exporting goods, selling these goods for foreign exchange, which foreign exchange is then available on the market for governments to buy to meet their obligations in the United States. That is the only way in which foreign obligations can be met. I am urging the government to allow our dollar to go to a lower level in the United States, which will increase the price of export commodities in Canada and encourage production. Our exports will bring the same amount in foreign currency whether our dollar is up twenty per cent or down twenty per cent, and by increasing our exports there will be more exchange on the market available for governments to buy.

In addition to that, if this policy were carried out, it would raise commodity price levels in Canada, and as trade is dependent upon the amount of money in circulation it would increase trade. There would be more purchasing power in the hands of the farmers and of those engaged in export industries. That would increase the receipts of the government from the sales tax, the stamp tax and all other nuisance taxes, and from the income tax. I have no doubt in the world that had our dollar been at par with the pound since last September the revenues of the government would have been increased sufficiently to take care of the additional premium for foreign exchange which so worries the Prime Minister.

May I also point out that in some of our provinces which depend primarily on agriculture, the tax-paying power of the farmer has practically disappeared, and the provincial governments are unable to collect the revenue they must have. I am sure that if our dollar were brought to par with the pound and the prices of agricultural products increased in that way, the provincial governments, particularly in western Canada, and the same is also true of the east, would secure from their taxpayers enough additional revenue to far more than meet the added premium that they would have to pay for New York funds to meet their foreign obligations.

Then, too, the unemployment relief burden which every government in Canada is bearing to-day would be lessened to some extent because more people would be employed. As I said last night, there is no question that the price level is the most important question in Canada to-day, whether you consider it from the standpoint of the farmer, from the standpoint of the nation, or from the standpoint of the Minister of Finance, who has to balance his budget if he can. But how can he balance it at the present price levels? I am afraid that it is impossible.

The Prime Minister asked me last night how our dollar could be brought to par with the pound. I am sure that he knows just as well as I do, perhaps better, the methods of bringing our dollar down to par with the pound. I feel that if last September the Prime Minister had said: We will not en-

deavour to maintain the gold standard in Canada but will link up our currency with sterling—surely the old British pound should still be good enough for us—our currency would have been at par with the pound and commodity price levels would have been raised. There are many ways of bringing our dollar to par with the British pound. Only two months ago the Prime Minister said that if a certain suggestion made in the house had been adopted our dollar might go to twenty cents. Well, I think the Prime Minister was exaggerating a little bit. I believe however that a small step in that direction would perhaps bring our dollar down to the desired point.

May I suggest another way? If the Prime Minister would take $50,000,000 worth of dominion notes now printed and waiting to be put out, lying in the vaults of the east block, and loan the money at a low interest rate to school districts requiring new schools, to public utilities corporations desiring to complete power plants and to municipalities to engage in housing schemes, he would soon bring our currency in line with Britain. May I add that construction costs are down nearly thirty per cent as compared with what they were when the last housing scheme was embarked upon in this dominion. Finally may I say to the Prime Minister that if he does not care to do any one of these things he knows perfectly well that the price of foreign exchange, outside of the question of confidence, is determined by supply of and demand for bills of exchange. There are plenty of Canadian bonds on the United States market,—federal, provincial, municipal and corporation bonds—and all he needs to do is to instruct the bankers to buy a sufficient quantity of those bonds maturing in the next few months. I do not think there is any doubt that he could control the rate of exchange easily enough, so that our dollar would be brought down on a par with the pound. May I point out the action taken in England recently. According to press despatches they have provided a fund of $150,000,000 to stabilize the rate of exchange in New York. There is no doubt stabilization can be effected within certain limits, if it is stabilized at a natural level. I think at the present time our dollar at par with the pound sterling would have reached a more natural level than if it were at a par with the American dollar, and such a condition would be very much to our advantage. Compared with Canada Great Britain is a wealthy country, and there is no reason why our currency should be at a higher level. At this point may I refer to the evi-

[Mr. Coote.]

dence given last year by James Richardson before the agricultural committee of this house. When he was asked a question with regard to the price of wheat in relation to the exchange situation in Australia and the Argentine, he said:

> Australia's position in the Orient had been secured through the commonwealth's depreciated currency, he told the committee, and agreed that if Canada depreciated the currency of this dominion it would enable the farmer to sell more, to get more of that currency for his produce and enable him, at least, to pay his debts.

What a wonderful thing it would be to-day if the farmer could pay his debts. Mr. Richardson represents the oldest, the longest established grain firm in Canada.

In the moment or two left to me may I emphasize to the Prime Minister the importance of this matter. I notice in the last summary of Canada trade issued in the month of April that the exports of Canada for that month were valued at $26,000,000. A few years ago our exports in a corresponding month would have been valued at approximately $100,000,000. I know the Prime Minister is anxious that Canada should meet her foreign obligations in the terms and on the dates they fall due. I too am anxious to see that done, but we can meet them only if we have sufficient exports.

Mr. SPEAKER: The hon. member has spoken forty minutes.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, I understand that the discussion on the amendment is to be confined to the amendment.

Mr. BENNETT: It should be.

Mr. MOTHERWELL: In other words, we cannot wander off to a debate on the Beauharnois project. I may say however that I should like very much to do so. Having regard to the late stage of the session and the desire to get through I shall have to be content to confine myself to the amendment.

To begin with may I say I think the amendment was drafted in such a way that whether or not we agree with all contained therein, at least we can agree to inquire into the practicability of some of the suggestions with which we do not agree. I believe in the good old scriptural teaching to prove all things and to hold fast to that which is good. I am going to try to prove all the enunciations in this amendment, to cull out all unpractical parts of it, and to hold fast to those which prove to be good. In doing that I think I am on sound ground.

Mr. BENNETT: Hear, hear.

Mr. MOTHERWELL: Irrefutable ground.

Mr. BENNETT: Hear, hear.

Mr. MOTHERWELL: With those reservations I shall support the amendment. There are two phases to it, one of which laments the absence of policy on the part of the government. I am sure the government must lament that fact itself; I do. I have one reservation there also, however, and that is with respect to the Minister of Agriculture, concerning his initial attitude towards the establishment of an export marketing board. I do not wish to include him in what I am going to say in regard to that phase of the matter. The Minister of Agriculture has shown that he is acquiring some wisdom, because he indicated the possibility of appointing a commission to inquire into this matter. I hope the commission is given powers sufficiently wide and comprehensive to inquire into a good many other matters; there is no doubt many inquiries could be made. Probably he has changed his mind since he made his somewhat notable speech during the discussion on the estimates. My view, however, is that in dealing with special matters commissions cannot be dispensed with; that has been the experience of all governments in all countries. Of course, there are commissions and commissions; there are ghastly foolish ones sometimes.

In the lamentation in the amendment concerning the absence of policy on the part of the government, I join in all sincerity with the hon. member (Miss Macphail) who drafted it. Let us consider the estimates for the Department of Agriculture. They are not only a cause for lamentation, but they are a tragedy. They represent a massacre of agriculture, a slaughter of the agricultural estimates. We have all heard of the massacre of Glencoe which took place in Scotland during the reign of William and Mary. We have heard of the Sepoy massacres in India, of the massacres of natives in North America, but we have never witnessed such a massacre of agriculture as is now evidenced in the estimates of that department. I defy anybody to challenge the correctness of my statement. Who can show any justification for it? Let us consider the vote with respect to the health of animals upon which the health of human kind is so dependent, especially in regard to the use of milk and dairy products—this vote is cut down so they can hardly wink an eyelash; they can simply maintain their staff, retest old restricted areas, and mark time till a better day. Then take the administration of the Destructive Insect and Pest Act. It has been one of the characteristics of the Tory party when in opposition to make great fun of the Liberal Minister of Agriculture with respect to this vote. I remember on one occasion—it was some time after the war—I made the prediction that the next great war would be between man and insect pests, including fungus. We are facing that war right to-day in western Canada. How is the government preparing for that great fight? Are they stacking up ammunition and getting ready for the fray? No, they are cutting equipment and war supplies in two by cutting the vote to that extent. What a heroic fight they are going to put up! I suppose my friends opposite will try to make fun over the threatened invasion of grasshoppers. I would expect that to be their attitude, for they are not the knee-height to a grasshopper themselves in their knowledge of agriculture; that is about their measurement, and I shall expect them to poke a lot of fun at this subject. They will not be running true to form if they do not make merry over this, and I shall be surprised accordingly. Here is the way they are preparing for the grasshopper invasion in the United States, which was predicted there last fall, and as it was predicted also in western Canada:

> Washington, D.C., March 7.—Advised by its biological experts that there will be an enormous hatch of grasshoppers this spring in the western states, including those along the Canadian border, congress has voted $1,450,000 for "grasshopper control" by the distribution of poison-bran bait.
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> According to the chief entomologist at the Department of Agriculture, the succession of dry seasons was favourable to the spread of the grasshopper plague, and in 1931 the insects destroyed small grains, corn and other crops over large areas. Surveys, taken in Minnesota, Montana, the Dakotas and states to the south of these, show that the grasshoppers were exceptionally active in egg-laying last summer and fall.
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> The cost of the projected war on the grasshoppers is estimated at about $3,000,000 and the states concerned are expected to match the federal appropriation with a like sum.

According to that report the federal government in Washington and the state governments are working in unison to meet this invasion of insect pests. What are we doing? So far as the western provinces and the municipalities are concerned, they are nearly bankrupt and little financial fight left in them. While I understand from the press that they are preparing poison bait to cope with this grasshopper invasion, their financial energy must be greatly crippled in this respect. There is no indication here that the Dominion government is going to help them, although at

Washington the federal authorities are going fifty-fifty with the state authorities in their preparations for this great war—a war which is not confined to the south of the international boundary. Grasshoppers are no respecters of imaginary boundary lines; they fly hither and thither as the wind blows. I have before me a grasshopper map prepared by the entomological branch of the Canadian Department of Agriculture, and I refer to it merely to show the extent of the invasion. Won't a smile now crack the countenance of the Minister of National Revenue (Mr. Ryckman)? This map shows that the Minister of Agriculture's own constituency is menaced. So apparently this invasion is going to cover a great deal of Saskatchewan and a considerable part of Manitoba and Alberta also. What are the members of the government doing with respect to this menace to our agriculture? They are limp, lifeless and inactive. Either they do not know anything about this predicted invasion, or they do not know how to meet it. Apparently they are going to leave it to the prostrate financially crippled provinces of the west to take care of this menace. No wonder the member for Southeast Grey (Miss Macphail) is full of lamentations—

Miss MACPHAIL: Hear, hear.

Mr. MOTHERWELL: —over the uselessness and helplessness of the aggregation opposite with respect to agriculture. Now I have got a smile from the ministry at last but not one of belief. Let us see to what extent I am justified in making this wholesale, sweeping statement with regard to the lack of knowledge and experience of agriculture on the part of this government. The hon. Secretary of State (Mr. Cahan)—I am going to start with him—was on absolutely sound ground last night as to the ownership of the Beauharnois water and power, and I am quite with him with regard to some of his strictures concerning certain members to the left of me; but on agriculture he is a babe in arms. It is true that at one time he owned certain lands in Mexico, but that does not qualify him to be an up-to-date adviser on Canadian agriculture. Then as far as the Minister of National Revenue is concerned, about all he knows of agriculture is to shoot up the valuation on imported commodities for duty purposes. He is certainly a whale at that, so he has found his spot in the sun. As to my good friend the Minister of Finance (Mr. Rhodes), I must give him some commendation because he has showed his sympathy with agriculture in the supplementary estimates, he has shown that in some way or another he knows the relationship between successful agriculture and the national status, peace and prosperity, and he has tried his best to remedy the niggardly defects of his immediate predecessor, the Prime Minister, in that respect. But I do not think that even he (Mr. Rhodes) will claim to be much of an authority on agriculture. However, he does realize how closely connected is the condition of our agriculture with our national prosperity, and to that extent I want to give him all the credit I can, for I do not wish to miss any member of the government where merit exists, even ever so little. Then the Prime Minister—I am sorry he is out because I have a word for him. If there is one hon. gentleman in this house or in the whole of Canada who knows less than nothing about agriculture, it is the Prime Minister. His knowledge of the subject is represented by a minus sign. It cannot be otherwise. How could I know what he is familiar with in the financial world? I am just as ignorant of banking, of finance and of match factories, and things of that kind, as he is of agriculture. Then my good friend the Minister of Justice (Mr. Guthrie); I had a run in with him on the grading of eggs some years ago and the fact that he has said nothing more on the subject shows that he has since gained wisdom. Indeed, he or his government has retained the Liberal policy of grading not only on eggs, but nearly all farm products. He will probably adorn the bench some day, and I should like to see him there—

Mr. SPOTTON: We cannot do without him.

Mr. MOTHERWELL: —but as for his knowledge of agriculture, save us! The Minister of Trade and Commerce (Mr. Stevens) is a very versatile gentleman and can throw in the stuff about bimetallism and all that when he wants to throw out a smoke screen. But what he knows about agriculture would make quite a book—

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Rather what he does not know about agriculture would make quite a book, and I do not look to him to improve our agriculture or assist his colleague the Minister of Agriculture in doing so. In fact I do not think the Minister of Agriculture can get much inspiration from any of these sources. Then what of my good friend the Minister of Railways (Mr. Manion)? He used to invoke us to stimulate the red corpuscles in our blood, but he does so no longer; apparently his blood corpuscles have either become white since entering the ministry or some other objectionable colour

resembling yellow. I know my good friend the Minister of Public Works (Mr. Stewart) is sympathetic to agriculture. He lives in a splendid dairy country and knows that not only our national prosperity but also our national health is in large degree dependent upon agriculture and the condition in which its products are put on the home market. As to my three good friends from Quebec who adorn the treasury bench, they are of different racial extraction from my own, but I respect them none the less, in fact I respect all my friends from Quebec, that great, old historic province.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: I am going to take the Quebec members of the ministry as I find them. They have all used me right since I came into this house. But they will not take exception to my stating that so far they have shown no particular evidence of any knowledge of agriculture. True, my good friend the Minister of Marine (Mr. Duranleau) has withdrawn his bill to amend the Canada Shipping Act with respect to the coasting trade, and that is all in his favour and may indicate a desire to consider the western farmers' viewpoint on this question. Then we have my two good friends of the medical fraternity, the Minister of Pensions and National Health (Mr. MacLaren) and the Minister of National Defence (Mr. Sutherland); they are both good doctors and I think they will be all right where they are until the electors decide otherwise. I have nothing to say against them.

Mr. CHAPLIN: The electors recently decided that.

Mr. MOTHERWELL: All these interruptions are lost upon me; I hear some hon. members, but the chirp of the others resembles a lot of chickadees. Sometimes it is an advantage to be partially deaf. The Minister of the Interior (Mr. Murphy) showed a glowing desire to help agriculture last year when he decided to close the two forestry farms in Saskatchewan in the midst of the most ghastly hurricanes we have ever seen on those plains, but I do not hold that against him. He retreated gracefully into the arms of the Minister of Agriculture (Mr. Weir) and left the farms to be administerted by that hon. gentleman, but with no additional vote to take care of them. They were tacked on to the experimental farms as an adopted child of some promise. As I have said, I have a reservation with regard to the Minister of Agriculture who, since he cannot get agricultural information from his colleagues, is showing an inclination to seek that information elsewhere. There has been mention even of a royal commission, and to that extent the minister is on sound ground, from which I sincerely hope he does not retreat.

I ask the hon. member for Southeast Grey (Miss Macphail) what she could expect as to Canada's present standstill agricultural policy other than what has already happened as a tree is usually known by its fruit. The electors of Canada are responsible for putting the right hon. Prime Minister in power, and he is responsible for choosing his many non-agricultural colleagues. That is the position, and no one can give redress except the electors. We do what we can by expressing our disgust with the government's lack of agricultural policy, but after all is said and done the electors are responsible. Of course they were bamboozled, misled by false pretences and stung generally, and to some extent they must be excused on that account. The electors wanted a change in 1930 and in all conscience they got it. Now many are holding up both hands for another change and that right speedily.

Then we come to that part of the amendment dealing with suggested reforms. It explores ground on which I am none too solid myself, and which I would not like anyone to think I favoured fully just now. But we must explore these grounds. If there had been no explorers in the world the continent on which we live never would have been discovered. Without explorers the human race would have been segregated in a very small part of the world's area, so I am in favour of exploration. Agriculture is in a distressing economic condition at the present time. So far I have succeeded in keeping out of gaol, but if ever I were put in a gaol cell, with the windows all safely barred and the door securely locked, and I saw a gleam of light in one corner, certainly I would explore that gleam in the hope that it might lead to a wider opening through which I might escape. There is just a gleam of light in these suggestions of the hon. member for Southeast Grey, and I want it explored. If it is no good we can throw it into the discard, but we can hold fast to that which proves to be good. All reformers were explorers; when they once got it into their heads that they were right on any given subject, all h— could not stop them from going ahead.

Mr. GARLAND (Bow River): What does h— mean?

Mr. MOTHERWELL: It means hades, though I will say the other word if anyone wants me to do so. I do not know that there is any necessity to deal with this question at greater length.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: I am going to stop when I like, within the forty minute limit. I should like to read some of the suggestions contained in the amendment in order to place them on Hansard once more:

Further, this house is of opinion that the government should take into consideration the following suggestions . . .

I think it shows a great deal of courage and bravery on the part of the hon. member for Southeast Grey to make a suggestion to this government at all, after the way suggestions have been received recently. My right hon. leader was given a slap in the face yesterday for making a most timely suggestion, by the Prime Minister who, however, was squared up by the ex-Minister of Justice. That is the way our suggestions have been received. Last session, and during the early part of this session, members of the government side howled because we were not making constructive suggestions, but when we do make them this is the way they are received. Of course all members of the government do not act in that way, but yesterday the Prime Minister was in one of his mad fits, and he proceeded to castigate us as already indicated. The amendment proceeds:

(a) the national control and regulation of currency and credit;

Is that not going on now in some countries? I do not believe any metal as a basis of currency in the earth or on top of the earth will stand the test of the times through which we are passing now, nor any combination of metals. I agree with Sir Josiah Stamp, who indicated in his recent Ottawa speech that as long as men and women are so unstable in their emotions and business activities we cannot have anything stable in regard to currency, but we can make it as stable as possible. The stability of currency depends in large measure upon the stability of men, and in turn the stability of men depends upon what anchorage they are tied up to, what kind of a rock they are standing upon. I do not know whether or not that needs any interpretation to the hon. gentlemen of the treasury benches, but I am not going to just now interpret it further—

(b) a measure of controlled inflation having for its object increase in commodity prices. . . .

Anyone who ever had any experience in selling goods in a country where the currency was higher than the currency in our country must know the advantage of that situation, but this is a sword that cuts both ways, as

[Mr. Motherwell.]

I understand it. I am only a student in matters of currency; I recognize that no matter what you do with our currency you must earn your share of it; you cannot get your share by lying down and howling or loafing.

Mr. GARLAND (Bow River): A good many men got it without doing any work.

Mr. MOTHERWELL: That is quite right, but I was referring to the walk of life of my hon. friend and myself. I know I have never been in that other financial world, though I am not going to say too much against it. I know that we need big interests, but they should be well harnessed. We need capital, but it should not run riot without control. I think we are nearing the day when these things will come under more control, not with the idea of damaging capital but to see that the best possible use is obtained from it and that no public harm is done by its illicit or unbridled use.

Apparently I have again obtained silence, although that does not necessarily mean consent. I have been speaking longer than I intended but I think by this time the hon. member for Southeast Grey (Miss Macphail) knows what I think of and how I appreciate her amendment.

Mr. H. A. MULLINS (Marquette): Mr. Speaker, I have listened to the harangue of the hon. gentleman, and I ask this house and hon. members opposite why agriculture is in its present position? It is due to the hon. gentleman who has just given his criticism, the like of which I have never heard in this or any other parliament. Apparently he is showing a kindly feeling to the opposite side, the farm group, in the expectation of being able to get them later on. Agriculture has suffered in western Canada because of the actions of the hon. gentleman who has just spoken. There are hon. members on this side of the house who have forgotten more about agriculture than he ever knew. If I had a farm in western Canada that looked like his I would get rid of it at once. I am sorry I have not the references before me, as I had not intended to speak again during this session, but I should like to read an article and a letter which deal with this matter. The letter was from Mr. Arkell, whom the hon. member had travelling over the country as live stock commissioner. He came to my farm and then wrote me a letter, and yet the hon. member says there are numbskulls here who do not know anything about agriculture. From his

remarks one would think we were all ignorant and knew nothing about agriculture. I have been farming just as long as the hon. gentleman.

Mr. MOTHERWELL: I was speaking of the ministry.

Mr. MULLINS: The hon. member was not speaking of the rank and file?

Mr. MOTHERWELL: No.

Mr. MULLINS: The hon. member was looking directly at me when he was speaking. However, there are men on the ministerial benches who know just as much about agriculture as does the hon. gentleman.

Mr. MOTHERWELL: Who are they, outside of the Minister of Agriculture?

Mr. MULLINS: Take any one of them. It is just such harangues as we have been listening to that have ruined agriculture in western Canada. What have we been hearing in the agriculture committee of which I have been a member? We have been hearing of nothing but Garnet wheat. This mongrel wheat was introduced into western Canada after Marquis and Reward wheats had been grown for years. I did not take any interest in the hon. member's remarks with reference to wheat because there was nothing to be learned therefrom.

The hon. member for Southeast Grey (Miss Macphail) has said that the price of hogs is down, but I tell her that thousands of pounds of shoulders and hams are being brought in from the United States to ruin the hog industry of Canada.

An hon. MEMBER: Why don't you stop them?

Mr. MULLINS: Only a short time ago two carloads of shoulders and hams came into Toronto from the United States, paid a duty of six cents per pound and broke the hog market by two cents a pound. The hon. member should look into these matters and get a practical knowledge. Export cattle are selling for six and six and one-half cents per pound.

Miss MACPHAIL: The hon. member has stated that the low prices for hogs are due to importation, but I should like him to explain why in January, 1930, when we imported 7,000,000 pounds, butter was selling at 39 cents while in January, 1932, when we imported only 44,000 pounds, butter was selling at 17 cents?

Mr. MULLINS: The only thing I can say is that as far as butter and eggs are concerned, when they are scarce the hens scratch all the harder, and over production takes place.

An hon. MEMBER: The people are not eating them any more.

Mr .MULLINS: I permitted hon. members opposite to make their speeches and I ask them to let me make mine. I ask the hon. member for Southeast Grey why she does not look into the local live stock question to discover that this industry is being ruined by the importation of canned meats from the Argentine. Ten million pounds of canned meats have come in from the Argentine and have affected the local live stock industry. The duty should be raised three times as high to give protection to the farmer. But not a word is said about that. We hear the stock speech which comes out every Wednesday or Thursday, the speech to which I have listened until I am tired.

I am here in the interests of farmers just as much as the hon. member for Southeast Grey. I represent a constituency in which there is not a single smokestack, and I am proud of it. That constituency has sent me here to represent agriculture, and I do not intend to pay heed to a harangue from an hon. member who can see no good on this side of the house. There are hon. members on this side who have forgotten more about agriculture than he ever knew. Agriculture would not be in its present condition of stagnation if he had not left such an appalling situation upon our doorstep. He does not commend the Minister of Agriculture (Mr. Weir) for getting a $12 rate on our export cattle. I came all the way from Manitoba and was ready to support the hon. member in an effort to get the rate lowered from $25, but he was able to make no reduction during all the time he was in office. I am sorry to have to take such strong exception to what the hon. member has said, but I feel I must do so. Unless we get the farmer back into live stock, unless the cattle trains are again thundering over the railroads, we will never get back to our former position. The hon. member should give a little credit to this side of the house for having some common sense.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, owing to the lateness of the session I do not intend to take up a great deal of the time of the house, but I cannot let a subject of this importance go without saying a word

in support of the amendment before the house. The amendment reads in part as follows:

. . . this house regrets that the government has not made any pronouncement of a policy calculated to meet the depressed conditions of the agricultural industry.

The only pronouncement I know of is a one-third cut in the agricultural estimates. If the money spent in former years did some good, surely money spent this year would do some good. If it did not do good in previous years, it should not have been spent; if it did good in previous years, there should have been no cut in a year like this. I hope the hon. member for Marquette (Mr. Mullins) will forgive me if I do not follow him too closely, but he made one remark to which I shall refer. He said that the western farmer would be all right if he would go into live stock, but I remind him that proportionately there is more live stock in western Canada than in any other part of the dominion. That is sufficient answer to the statement he has made. It is true in regard to all diversified farming and the figures have more than once been put upon the record of the house.

The hon. member for Macleod (Mr. Coote), when speaking last night, referred to the fact that agriculture production in Canada amounted in 1926 to $1,714,000,000, but that a year ago, 1931, it had dropped to the much smaller figure of $880,000,000, or, in other words, nearly $1,000,000,000 less. That, of course, is what is wrong with agriculture, and incidentally what is wrong with the business of Canada, because, as the hon. member for Macleod pointed out, agriculture is represented by 47 per cent of the Canadian people and if, by having to sell their products at a loss, they have no purchasing power, this will have a natural effect on the whole of the business of this country. I should like to remind the Prime Minister and the cabinet that the reason the prairie provinces particularly (for only one other province came) had to come to the federal parliament for help last year, was because of lack of purchasing power in the hands of the farmers. They could not meet their taxes; taxes could not be collected by the provincial governments, and as certain liabilities were coming due, those governments were forced to come to the federal government for financial assistance.

Only a week ago I had a letter from my constituency giving me some of the prices that were being received in that part of Alberta, and I take it that those prices will be pretty well typical of those prevailing throughout the prairie provinces. They may be a little higher in eastern Canada, but we know from what we have heard, that in spite of prices being a little better in eastern Canada, possibly taxes are higher here, so that no greater profit is being made in any part of Canada than is being made in the west. Prices given me are as follows:

Hogs, $2.75 per 100 pounds for bacons.
Eggs, 5 cents per dozen.

I may say I have had further letters since then and they indicate that the price of eggs had dropped down to two cents a dozen in certain areas. Imagine having to sell eighteen eggs before you can buy a stamp to put on a letter.

Special cream, 12 cents per pound for butter fat.
Wool, 3 cents per pound.

I notice one of the farmer senators the other day, speaking in the Senate, gave the prices he had received for some 800 pounds of wool and he showed a net loss after counting his various expenses.

Top beef steers, $4 per 100 pounds.

No industry can carry on at those prices; we all recognize that fact. But this is the gem of the whole information sent me by this man: He said that on the same day he went into the local town and bought four hame straps. Everybody knows what they are: they are very small pieces of leather. He paid $1 for those four hame straps, but he said that four beef hides were sold on the same day in the same town and they brought in the price of $1. Therefore, he gave four beef hides for four hame straps, or one hide to the hame strap.

Mr. COOTE: It was lucky he had the hides to trade.

Mr. SPENCER: They certainly took it out of his hide anyway.

I wish most heartily to support the hon. member for Macleod in his claim that we should have some inflation. The fact that prices have dropped some 60 per cent on farm produce since 1926 is a reason we are having such difficulty in meeting our debts to-day, for we well know, if you halve prices, you automatically double debts. That is the position the farmer is in and, incidentally, it affects all business.

I said at the beginning of my remarks that I could not see any policy which the government had brought forward this year except a cut of about one-third in the amount of the agricultural estimates. This reminds me of a speech I heard the Prime Minister make in

1930 in Winnipeg when he said that agriculture was going to be looked after by his government if he got into power. Speaking to the farmers listening to him over the radio, he said:

Furthermore, I will make the tariff fight for you.

That is for agriculture. I should like to know of any one product of agriculture that has been benefited by the way in which the tariff has been increased since 1930.

Mr. COOTE: How about wool?

Mr. SPENCER: Unfortunately, instead of having better prices for agricultural products, we have had very much lower ones. We had great hopes when the new Minister of Agriculture (Mr. Weir) was appointed. He is a man of considerable ambition, vigour and ability and we had great expectations of something being done. Of course, I suppose he is not alone; he cannot do anything without the rest of the cabinet, and therefore he must take the blame with the rest of them for nothing except a few minor matters here and there having been done for agriculture. The fact that agriculture is to-day in a worse condition than it has been for the last fifty years is surely enough to make any minister or any government realize that it is the one problem which should have first attention.

What has the government done with regard to financing the farmer? I have mentioned on several occasions in the house that we have in Canada no real system whereby the farmer can be properly financed. We know farming pays on an average a smaller percentage of profit than does any other business in Canada. Yes, under the system whereby our farmers have been financed through the ordinary banking houses, interest rates have been too high; loan terms have been too short and the renewal of loans has been too uncertain. This year, when the farmers have been suffering more than usual in paying large amounts of interest, when I introduced in the house a bill to restrict the banks from charging more than the legal rate of interest of seven per cent, I found the whole of the government forces voting against any change being made, and, indeed, supporting the action of the banks in charging eight per cent or any other amount they could get away with.

What has the government done with regard to processing plants? I have often thought, as far as the live stock industry is concerned, until the farmer gets at least some control over the processing of his products, he will not prosper. The processing plant in private hands stands to-day between the producer and the ultimate consumer; live stock is bought at as low a price as possible; it is put into cold storage and doled out at just as high a price as can be charged to the consumer. A good deal could be done by the government to assist the farmer in this matter. Why cannot the government advance loans at a reasonable rate of interest? Why cannot they cooperate with the cooperative live stock enterprises and help them in some systematic way of auditing their accounts? Surely we have the officials in the Department of Agriculture who can give very valuable help in this respect, and I rather have the opinion that the present Minister of Agriculture is somewhat sympathetic in this regard. Unfortunately we have this solidarity of the cabinet with which to contend, and if the minister cannot get a majority to think with him, agriculture has to go by the board. We have heard a good deal lately not only from the Prime Minister but also in the press of an export marketing board being formed, and legislation was going to be introduced for the purpose, but apparently something has gone wrong; the cabinet apparently cannot agree and the result is that there is not a word on the order paper to indicate that a marketing board is going to be formed. I shall therefore look forward very much indeed to a statement from the Minister of Agriculture because he realizes just as keenly as I do the serious condition of this basic industry, and until this basic industry is built upon a firm foundation where people will stay on the land willingly as volunteers, until they can carry on in this industry at a profit so that they will wish to stay on the land instead of wanting to try their luck in other callings, we cannot expect any big improvement in general business in Canada.

Mr. JOHN T. SPROULE (East Lambton): I did not intend to say anything but I cannot allow to go unchallenged the statement of the last speaker (Mr. Spencer) that the hon. Minister of Agriculture has done nothing for agriculture. I come from a rural district myself and no one has more sympathy with the condition of agriculturists than I have. I am sure that the Minister of Agriculture sympathizes just as keenly with the condition of the agriculturists as does any member of this house, and I want to say that he has done great things for agriculture this year and also last year. For instance, he has secured space for cattle going to the old country for ten and twelve dollars a head, and our cattle would be selling for one dollar per hundred pounds less but for that. The

minister is doing much more than that for agriculture. It is not for me to say what he has in his mind, but I am sure that everyone will agree that the minister is very industrious and that he is doing his very best. When members complain of the price of agricultural products I would ask them to point to any country where the prices of agricultural products are higher than they are in Canada. It is easy to criticize the government, but I repeat there is no other country that is obtaining better prices than we obtain in Canada for our agricultural products. Hogs in Chicago, for instance, are quoted at $3.60, and are bought in Michigan at 2½ cents a pound. What is the cause of this?

Miss MACPHAIL: High tariffs.

Mr. SPROULE: The tariff has nothing to do with it. I believe that my hon. friend from Southeast Grey is doing her best for her constituents and she is entitled to her views, but still the fact remains that the tariff is the only weapon we have to keep a lot of commodities out of this country. After the Imperial conference we all hope that there will be some improvement in conditions.

Mr. MOTHERWELL: May I ask the hon. member a question? He stated that the freight rates on cattle had been reduced to twelve dollars as the result of the intercession of the Minister of Agriculture. I would be only too glad if that were so, but I would point out that ocean passenger rates were reduced at the same time. Was that due to the intervention of the minister or was it merely the policy adopted by the North Atlantic Shipping Conference of their own accord?

Mr. SPROULE: I was speaking of the cattle industry and what I stated is perfectly correct. Rates have been brought down not merely to twelve dollars but ten dollars, and ten days ago what were they asking? They were asking fifteen and twenty dollars. The Minister of Agriculture is responsible for bringing about that great improvement.

Hon. ROBERT WEIR (Minister of Agriculture): Realizing, Mr. Speaker, that the house is getting impatient I shall be very brief in any remarks I have to make. Taking first a few minutes to deal with the addresses given by hon. members opposite, there was one point in which they seemed to be in accord, and that was the regret with which they viewed the cut in the agricultural estimates and the great damage they apprehended to agriculture in this country in consequence. I think perhaps the majority felt that way. We have spent some time discussing the agriculture estimates and I do not think any hon. member opposite has shown that in any item we have discussed agriculture in this country has lost or will lose anything in the year 1932-33 due to these cuts. If, then, we can make a cut in the Agriculture estimates with no detrimental effect on agriculture in this country, I think that is all gain. No one will welcome more than I any suggestion on the estimates still to be discussed as to where I can improve agriculture by an increase in the estimates alone.

Much has been said regarding cooperation, and it was urged that this government give more support to cooperative movements. I myself am a member of the cooperative live stock pool, of the wheat pool, and of the Saskatchewan registered seed grain pool. I have always taken a very keen interest and active part in these cooperative organizations, but because I do belong to them is no reason why I should shut my eyes and say that they are right and everybody else is wrong. There is no country in the world that has been boosted more or has done more in the way of cooperative processing and cooperative marketing in agriculture than Denmark, and at the present time conditions in agriculture in Denmark are as bad as they are in this country, and even worse. Therefore cooperation is not the solution. The fact that Denmark has a lower tariff has not saved agriculture in that country. On the other hand, the fact that the United States has a high tariff has not been of as great assistance as it was thought it would be to the agriculturists. I believe there has been a greater depreciation in land values and in values of farm products in the United States than there has been even in Canada. So, on the one hand, we have low tariff with agricultural conditions in the low tariff country worse than they are in this country. On the other hand, we have countries with high tariffs, and with agricultural conditions worse than they are in this country. On the one hand, we have countries that are very far advanced and developed in cooperative movements, and yet the conditions of agriculture there are worse than they are in Canada. I shall refer to this again before concluding.

The one thing that I am sure has appealed to every hon. member of this house, as it has appealed to many farmers throughout the country, has been this, that no sooner did the former government go out of power and this government come into power than member after member, farm members and others,

on the opposite side of the house began a demand for an agricultural policy. After they had been nine years in office they insisted that what this country needed was an agricultural policy. Hon. members in the far corner who had been in the house for years before we took power cannot surely congratulate themselves on what they have accomplished because it has also been the refrain of their remarks ever since we took office that what this country needed was an agricultural policy. I agree that what we did need was an agricultural policy, and immediately this government took power we outlined and formulated very definite policies in agriculture. The attitude that I have taken towards agriculture since this government took office has been exactly the same as I have taken in connection with my own farm or that I would take if this country were my farm. I think the sound farmer begins here: First he lays the best foundation he can regarding live stock, grain and so on, to produce and raise the best stock he can at the lowest possible cost. It was with that end in view that we evolved policies known as our live stock policies, and we have made it possible, without any restraint so far as this government is concerned in the matter of finance, to put into the hands of farmers in the outlying districts—and not altogether in outlying districts—herd sires and other stock which makes it possible for them to improve their herds, a step they could not otherwise take except at big expense to themselves. That has been one of our fundamental policies with regard to agriculture; it has been very far reaching, and of course would have been more beneficial if prices for agricultural products had been better.

Next, during our first twelve months in power we were able to obtain the services of perhaps one of the best agrostologists on the North American continent, so that the farmers of this whole country might receive benefit from his knowledge and research work concerning the production of forage crops, and the like. I maintain we have laid a sound foundation for agriculture throughout this country.

What is the next step which confronts the farmer? It is this: He wishes a market for his product. This government carried out its election promises by giving the Canadian market to Canadian farmers. Our farmers receive the full benefit of our market. Although I realize hon. members are somewhat impatient to get away I believe I should take a few moments to outline some of the benefits reaped by Canadian farmers in various branches of agriculture as a result of obtaining the benefit of the Canadian market. First let us consider butter. After imposing a duty which kept out butter from Australia and New Zealand and other countries in 1931 Canadian butter in Montreal brought the following premiums over the export, or world value:

January	8·69
February	7·87
March	7·82
April	6·33

An estimate by an independent authority showed that in the first nine months of office this government as a result of its tariffs had put into the hands of the dairy farmers of Canada over $12,000,000. The officers of my department when asked to check up the estimate given by the president of the National Dairy Council, and to predicate the result on a conservative basis, gave an amount in excess of $14,000,000 for the first nine months.

We will now consider the value of Canadian butter as compared with that of Australia and New Zealand. During the month of January, 1932, our butter was worth at Vancouver 3½ cents per pound higher in price than Australian butter. On January 23, 1932, the finest New Zealand butter which sells at a premium of ·74 cents per pound over Canadian butter was equal to 17·22 cents per pound Canadian funds, which would leave Canadian butter on the same day at 16·48 cents on the London market. Allowing for transportation and handling charges, Canadian butter on that date would have netted back 13·98 cents at prairie points. On the same day, however, No. 1 pasteurized Alberta and Saskatchewan butter was quoted at Vancouver at 21 cents. That indicated a difference of approximately 10 cents a pound if we consider transportation due I think, entirely, to the protection afforded by our tariffs in preventing the importation of butter from New Zealand and Australia. This statement regarding the various markets will be of interest to those who evidently still have the opinion—perhaps not the opinion—but would like to give the impression to the country that it is their opinion that our tariffs have not improved the condition, so far as butter is concerned. On March 19, 1932, the price of butter at Montreal, namely 28 cents per pound, exceeded the value for export to London by 11·05 cents per pound, which, on one day's Canadian consumptive requirements of 833,333 pounds, amounted to $92,083.30. On the same day the value of butter at Montreal exceeded the value at New York by 5 cents per pound, equivalent on one day's Canadian consumptive requirements to $41,666.65. On the same day

the value of butter at Montreal exceeded the value at Chicago by 5¾ cents per pound, equivalent on one day's Canadian consumptive requirements to $47,916.64.

I should like to speak longer concerning butter, and the additional returns to the Canadian farmer in connection therewith, due to our tariff. I find, however, that I must turn to other commodities. Let us now consider lamb and mutton. During 1931 the total imports of lamb and mutton were 1,185,327 pounds, compared with 4,411,771 pounds in 1930, a very notable reduction, particularly useful in view of the unstable condition of the world's markets. It is safe to say that during the early part of the year prices were maintained on an average of 2 and 3 cents a pound above what would otherwise have been the case, and during the autumn when the flush of the runs was coming forward, prices were held higher by one cent per pound. On the average, then, the market was held at 1½ cents higher which, on inspected slaughtered sheep alone, at an average of 86 pounds per head, contributed the revenue of $1,059,000. Inspected slaughterings represented only 45 per cent of the total farm sale, so that the total revenue saved would be well in excess of $2,300,000. May I repeat at this point what I have said on other occasions that wool is the one farm commodity on which there is no duty. Yet there has been a much greater depreciation in the price of wool, a commodity which has no tariff placed upon it, than there has been on any commodities with tariffs.

Next I shall touch on the increase in cattle prices, these increases being brought about by our tariffs. Much has been said regarding the benefit accruing to the farmers as a result of the reduction in ocean freight rates. In addition to that we have made it possible, by arrangements with the railways, that the farmers in Alberta and Saskatchewan and Manitoba who have a good deal of coarse feed and wish to purchase feeder cattle shall receive a 50 per cent freight rate from the ranches to their farms. In that way they save the stock yard charges and local freight, as well, because without the arrangement we have made, the special 50 per cent reduction in the rate there would be a local rate into and out of the stock yards. We made the endeavour, and to a certain degree were successful, to have mail orders filled by the Beef Producers' Council for farmers in the north who wanted cattle, so that they might be saved the expense of coming down and hunting for cattle and the expense involved.

That saving amounted to about $100 a car load. We did everything within our power to develop the export of our cattle to Great Britain. The result has been that as a result of the increase in price we have netted back to the Canadian farmers a sum not less than $7,500,000. The cattle that were shipped netted back over the local market price, Calgary $17.29 per head; in Moose Jaw $21.18 per head; in Winnipeg $18.11 per head and in Toronto $17.50 per head. Our hopes in this connection however were very badly shattered when Great Britain went off the gold standard.

Next we come to bacon and pork. During 1931 the imports of pork and pork products were 5,138,400 pounds as compared with 19,631,645 pounds in 1930. This is due almost entirely to the effect of the tariff. However, in January, 1931, in spite of our tariff against bacon, the Danes felt our domestic price was so much higher than theirs that they could very well export bacon to this country. The only way we could stop the bacon coming in was by passing a ministerial order excluding importations on the ground of the danger of an outbreak of foot and mouth disease, which was done in one case at least in England when this disease had undoubtedly been introduced through the importation of Danish bacon. By this action we excluded from our domestic market 20,000,000 pounds of Danish bacon. These are matters of legislative acts, and perhaps we should have given them more publicity, but since I accepted my portfolio I have felt that as minister of farming I should, by laying down a sound fundamental policy, direct the energies of my department to putting more money into the pockets of our farmers and not worry about who should know.

The last speaker challenged me to show how this government had in any way benefited our farmers by improving the price of the products they have to sell. I will take a commodity that has not been very much discussed—fruit. All hon. members are aware of the advantage that the American fruit grower has over the Canadian. Due to favourable climatic conditions he gets his crop on the market before ours, when people have a taste for fresh fruit and prices are high, and if our domestic market was not protected it would be impossible for our fruit growers to carry on. The dumping duty we put into effect has been so much criticized that no doubt hon. members will be interested to know the results of this action on the 1931 fruit market. Let me give the committee the

figures of car arrivals of seven commodities on the twelve principal markets for 1930 and 1931. These figures cover domestic and imported fruit:

Car Arrivals of Seven Commodities on Twelve Principal Markets

	Domestic			Imported		
	1930	1931	Diff.	1930	1931	Diff.
Apples. . .	3,032	3,476	+444	476	436	— 40
Celery. . .	190	235	+ 45	810	405	—405
Grapes. . .	72	350	+278	1,056	541	—515
Lettuce. . .	15	27	+ 12	1,304	862	—442
Onions. . .	617	886	+269	725	431	—294
Pears. . . .	52	59	+ 7	515	415	—100
Plums. . . .	9	12	+ 3	96	58	— 38

It will be observed that there has been a heavy increase of domestic shipments with a still heavier decrease of imported shipments. I do not think anything could more clearly demonstrate the benefit which our tariff measures have proved to the fruit growers of the dominion. The most pronounced effect was observable in Ontario with respect to grapes. Grapes were not bringing any price at all in Ontario because the wineries were virtually not operating, and if we had not preserved the markets of the prairie provinces for the Ontario grape producers they would not have been able to dispose of their crop. This did not raise the price to the purchasers in the prairie provinces over what it was a year ago. In fact the price was a good deal lower than the preceding year, but it was slightly over the price across the line. However, if it had not been for this tariff it is doubtful if the American grape growers would not have taken advantage—as they have done in the past—to exact a higher price for their product in this country than in their own. There was also a marked benefit to the fruit growers in British Columbia. Due to lack of protection they had had a very unprofitable market, and as a result their fruit ranches were being neglected. A survey undertaken by the provincial authorities in the fall of last year shows that there has been a decided increase in the planting of all the small stone fruits. For instance, in the Okanagan valley there have been the following plantings during the year: Peaches, 14,874 trees; apricots, 3,546; plums and prunes, 2,289; cherries, 4,024;—or a total of 24,731 trees. Indications point to similar or even greater plantings during 1932, and although fruit prices in British Columbia have been lower than they were last year, the fruit growers, because of their good crop and their protected home market, have been more than satisfied. No doubt hon. members will be interested to hear some of the expressions of appreciation which we have received from the fruit organizations of British Columbia. These organizations of course, are absolutely non-political. Mr. MacDonald, president of the British Columbia Fruit Growers' Association, states in part:

> The greatest stabilizing influence upon the marketing activities of the growers during the past season (1931) was the establishing of the fair market values by the Dominion government; it enabled the growers to market crops which previously rotted in orchards and gardens. It is estimated that $184,000 had been saved by the fruit growers of the province which otherwise would have been lost had the growers been compelled to meet the competition from the United States. A specific instance was rhubarb from the Hatzic-Mission district. As a result of the fixing of four cents per pound on rhubarb this district shipped over eighty cars of rhubarb to the prairie markets formerly supplied by the state of Washington.

Mr. Somerset, chairman of the Ontario Marketing Board, in a conversation emphatically stated:

> The establishing of the fair market value saved the Ontario growers from receiving ruinously low prices during the past season and prevented the marketing situation from becoming a chaotic condition, and prices dropping much lower than were realized.

Mr. James E. Johnson, manager of the Norfolk Fruit Growers' Association, Simcoe, Ontario, stated:

> The policy of the government in regard to the fixing of fair market values for fruits and vegetables has been of considerable benefit throughout the whole season in the marketing of the apple crop.

Mr. Johnson represents an organization handling three hundred thousand barrels of apples, controlling three thousand acres of orchard of one hundred thousand trees, and paying out in labour in connection with the production and harvesting of apples $110,000 annually. Mr. Johnson is recognized as one of the foremost apple growers and dealers in the province of Ontario.

Mr. E. J. Chambers, president of the Associated Growers of B.C. Ltd., said to the members of the Penticton Cooperative Growers, recently:

> The reason for considering this section in a relatively good position was because it had done fairly well with soft fruits during the past summer.
>
> A dump duty has given us good protection on the markets so let us be careful not to overdo the matter of price.

I have here a large number of other letters along the same lines, but as I wish to finish before one o'clock I will not detain the committee with any further quotations.

Mr. BENNETT: Go on and complete the story.

Some hon. MEMBERS: Carried.

Mr. WEIR (Melfort): In answer to the criticism directed against this government that its tariff policy has restricted trade, I desire to put on record figures showing increased exports of farm products since we came into office. This is to show the relative exports of farm products comparing 1929-30 and 1931-32:

		1929-30	1931-32
Canned fruits	lbs.	4,254,466	7,263,489
Onions	bush.	26,422	195,813
Canned vegetables	lbs.	17,249,042	22,477,523
Barley	bush.	14,817,071	24,337,678
Buckwheat	bush.	186,558	741,041
Oats	bush.	6,406,181	13,841,300
Peas	bush.	43,808	66,056
Rye	bush.	1,526,368	4,359,813
Wheat	bush.	177,006,369	191,315,933
Bran, shorts and middlings	cwt.	1,988,356	2,018,332
Oatmeal and rolled oats	cwt.	407,050	798,840
Maple sugar to United Kingdom	lbs.	13,212	29,284
Clover seed to United Kingdom	bush.	41,794	97,146
Flax seed	bush.	772,831	1,046,474
Tobacco leaf	lbs.	6,811,391	8,222,922

There was also a large increase in 1931-32, as compared with 1929-30, in horses, fox skins, mink skins, hides and skins to the United Kingdom; fresh beef to the United Kingdom; pickled pork to the United Kingdom and to the United States; poultry to the United States; butter, condensed milk, fish oils, lard and compounds of tallow, and honey. There are also others, all of which show that in spite of the statements that have been made to the effect that our trade has been restricted because of the tariff, there has been a great increase in our exports of agricultural products, particularly to the United Kingdom.

At one o'clock the committee took recess.

The house resumed at three o'clock.

Mr. WEIR (Melfort): Mr. Speaker, when the house rose I was concluding a few remarks with reference to marketing. This morning the hon. member for Battle River (Mr. Spencer) referred to the price of beef cattle in the west being only $4.25 per hundredweight. The amendment says that the government has taken no steps or has no definite policy to relieve the agricultural depression, but I would have thought that the hon. member, coming from the part of the country from which he does, would have known something about the efforts made by this government in connection with the marketing of beef cattle. Shortly after taking office, and when our cattle had been shut out from the United States, we succeeded in having buyers come from the old country. They visited Montreal and Toronto and were on their way home when I persuaded them to come to Ottawa to pay me a visit and discuss the cattle situation. They were very much disappointed in the export cattle they had seen as they felt that there would be a big supply of choice cattle available with the American market shut off. I suggested that they go to western Canada, particularly to the provinces of Saskatchewan and Alberta to inspect the cattle there. However, they were so decided in their prejudices against Canadian cattle that they could not be persuaded to make the trip. My idea was not to encourage them to buy western cattle instead of eastern cattle, I was trying to persuade them to buy western cattle because I knew if they were not lifted off the market they would flow into and depress the markets in eastern Canada. So far as eastern Canada was concerned it made no difference whether these cattle were lifted from the west or from the east. However, the buyers would not go west because of their prejudice.

The government then had some carloads of standard type cattle, representing the different

grades, shipped to the old country markets. With these cattle was sent a real live cattleman, a man who was vitally interested himself because of the extent of his own holdings, to demonstrate the good points of these cattle to the English buyers. The result was that in the following spring old country buyers came not only to eastern Canada but to western Canada. Personally I feel that the soundest line to be adopted is to have buyers from the old country come here to make purchases. These men have a knowledge of the old country markets and the result of their visits this spring was that they contracted for practically all the cattle in western Canada available for export at from $5 to $5.25 per hundredweight. Since that time further orders have been received and the prejudices against western cattle have been overcome. I do not think we can overestimate the work done by the government in this connection.

I think it would be well to put on record a brief summary of the benefits accruing to agriculture through the legislation passed by this government. In the first place, agriculture has benefited to the extent of $592,040 in connection with fruit. This sum does not take into consideration the value to the industry of new plantings as a result of the government's policy, nor does it take into consideration the possible break in the market which would have occurred had fruit been allowed to come in from the United States.

In connection with butter, agriculture has benefited to the value of $12,862,000. This sum takes into consideration only the benefits to the dairying industry as far as butter is concerned during the first eighteen months in which this government was in power. In the case of lamb and mutton the benefit is valued at $2,300,000, and in the case of cattle, $7,500,000. This latter figure has to do only with the marketing of commercial cattle. In the case of swine, the benefits are valued at $2,200,000. The sire loaning policy is valued at $1,000,000. This is a very conservative estimate as it does not take into consideration the indirect benefits which would accrue in connection with pure-bred cattle. In connection with the wheat bonus, there has been expended in western Canada $10,000,000. Altogether, there has been put into the pockets of the farmers a total of $36,454,040, or an average of over $50 per farmer by legislation alone more than there otherwise would have been.

In addition, loans have been made to the provincial governments in connection with the drought-stricken areas, which loans total over $12,000,000. I do not think even those hon. members who have been most critical of the government in connection with agriculture will refuse to admit the importance of the assistance given to the wheat pools of the west. The government has guaranteed the banks up to a certain amount per bushel, and this year it has guaranteed the wheat pools in connection with the holding and marketing of wheat.

I believe that those of us who were present this morning realize that the remarks of the hon. member for Melville (Mr. Motherwell) were not so much a criticism of my colleagues and their attitude towards agriculture as a confession of the disagreements he had perhaps had with his colleagues during the time they were in office. I would not be fair if I did not reciprocate his kindly wishes, and I desire to thank him for the compliment he paid me when he said that what agriculture needed at the present time was a completely new foundation. The fact is that we started laying that foundation some twelve months before he paid me that compliment. As I said this morning, we have laid what I believe to be a sound foundation for agriculture. In addition we have given the farmers our own markets, but we are now faced with another problem even greater than this, that is, to extend the effective range of our tariffs to take care of the marketing of those products which reach a point of production that puts them on the export market. This applies especially to those products where the surplus is small compared to the total production. Last week a delegation from the province of Quebec attended on the government and asked that something be done in the way of a marketing board. It is interesting to note that on that day hon. members opposite were speaking with grave suspicion of such a board, feeling that the whole matter would be put into the hands of private interests. The members of this delegation were thoughtful men, engaged in the dairying business, and one of them summed up the situation in the most effective manner I have ever heard. He said: I am a creamery man; I make one hundred pounds of butter and then I make another pound, and it is that extra pound which causes the whole difficulty. The difficulty is caused by the small surplus over what is needed for home consumption. We have given a great deal of consideration to the question of extending the effective range of our tariffs in extending markets.

There are two ways in which this surplus can be lifted. One is by the setting up of a federal farm board as was done in the United

States and the purchasing of all surpluses to be held or resold on the world markets. The other way is to set up a marketing board and put machinery at the disposal of the farmers in order that any branch of agriculture desiring to place a levy upon its products may create a fund to be used by the marketing board to absorb any loss which would be necessary in removing the surplus stores. In this way, more life could be given to the home market. However, there are many difficulties in the way, especially in view of the forthcoming Imperial conference. It is realized that our great world market is the United Kingdom and it was felt that the representatives from the old land should be consulted regarding their attitude towards any system of levying or bonusing. There are also many practical difficulties to be overcome in the working out of a marketing board of any kind.

I assure hon. gentlemen that we have given more attention and thought to this question than to any other, and in this connection I have received excellent cooperation from hon. members irrespective of party. Because of the reasons I have stated it has been thought best to appoint a commission to study the whole problem of marketing, and the government intends to appoint such a commission to study this question, especially in connection with export marketing. It will study the problem of supply and demand and perhaps more particularly the spread in the processing of the major farm products.

I believe I have dealt with most of the items coming under this amendment. The first is:

The national control and regulation of currency and credit.

This subject has been discussed in this house on so many occasions during the present session that no useful purpose would be served by taking time now for a further discussion of it.

The next paragraph is:

A measure of controlled inflation having for its object increase in commodity prices.

Much has been said both for and against inflation. The hon. member for Macleod (Mr. Coote) yesterday, in speaking to this amendment, stated that the price of eggs in his constituency was three cents a dozen or just sufficient to buy a postage stamp. I am sure he would not feel that any reasonable price for eggs would be less than twelve cents a dozen. This would mean that the dollar would have to be increased to four times its present value. That would mean, on a similar basis, the price of steers would be twenty-four cents a pound on the hoof and wheat would be $2.70 a bushel. If we follow that further in connection with the man who owns his property, with the labouring classes who are hit perhaps even worse than are the farmers, we find ourselves getting into grave practical difficulties.

Mr. COOTE: I am sure the minister does not want to misrepresent what I said. I was speaking about the average price level of agricultural commodities and contending it should be raised.

Mr. WEIR (Melfort): The next paragraph reads:

A substantial reduction of farm indebtedness.

That comes under the jurisdiction of the provinces, and it would therefore be a waste of time to discuss it here, although I realize fully that that is perhaps the greatest load which the farmers of Canada have to carry at present.

Financial assistance in creating processing plants under farmer control.

This is a matter which has been given a good deal of consideration. Personally I believe in the principle of cooperative marketing, but if cooperative marketing is sound, as I consider it is, it should stand on its own feet. If the purpose is to cut out the middle man or excessive profits by private interests and the cooperative enterprise will have those profits to play on and still have the prices charged by private interests as well as the good will of their big clientele or members of their pool or cooperative organizations, I do not see why they cannot stand on their own feet and I believe they can. Marketing in connection with live stock has perhaps made greater progress and undergone greater changes than the marketing of any of the rest of our products. Fifty years ago less than 18 per cent of our population was urban and live stock processing and marketing took place on the original farm. A few years later beef rings were started; farmers got together in cooperative groups and killed their stock cooperatively. Then, as small industries started up in the towns, farmer butchers or regular butchers started business and the tendency was that the stock would be driven to the town butcher and slaughtered there. From that we have the jump to our packing plants as the urban population grew in comparison with the rural population. Therefore now we are in this position that the rural and the urban populations are practically the same.

With reference to the packing plants, I stated before that the purpose of this commission would be to study the problems of marketing and in that connection also study in particular the spread in the processing of the major farm products. I believe we should have cooperative marketing and cooperative industry, but at the same time I think we would be unwisely advised if we tried in any way to destroy the efficiency of private interests and industry set up by the capital of people who are just as much Canadians and interested in the welfare of Canada as are we in agriculture. We should have both, and I believe it will be quite possible, with a thorough survey and investigation, to work out a spread which would ensure the farmers that no undue profits were taken from them. That would be the standard for the cooperative enterprise. The latter, on the other hand, would act as a balance wheel against the private enterprise, and at the same time it would be a standard by which the private enterprise could measure its work.

Another paragraph reads:

That farming cooperative selling organizations be permitted to import goods received in other countries in exchange for Canadian agricultural products without the imposition of customs or dumping duty.

If we agreed to that, we would also have to agree to give the consumers in this country an opportunity to make use of farm products such as fruit and so on, which are dumped into this country from the United States. It cannot be two ways; it must be one way. In my constituency, which is a purely rural one, the largest urban place in it having a population of about 1,600, although the farmers at the last election voted that Canadian markets be given to the Canadian farmer, I think I heard given, almost on a par with this, reasons by those farmers, some of them from Norway, Sweden, Denmark, the United States, as well as from Anglo-Saxon countries, that they wanted as well to protect the urban industries of this country, so that when their children grew up they would not have to go to another country to work if they did not wish to take up farming. They still hold that view.

In conclusion, I would not have hon. members consider that I thought everything was well with agriculture; far from it; but I do not think the situation can be remedied by the adoption of policies that have been in vogue in other countries and that, before this economic crisis arose, were more or less successful but now have failed. We must study, investigate, the problems of our own country and work out our own solution and salvation.

Mr. T. F. DONNELLY (Willow Bunch): Mr. Speaker, even at this late hour in the session, I believe I would be neglecting my duty if I did not say a few words in connection with the amendment now before the house. First, I want to congratulate the Minister of Agriculture (Mr. Weir) upon the moderate tone of the speech which he has delivered here to-day; it is entirely different from those which he has delivered in the house on previous occasions. I should like also to congratulate the former Minister of Agriculture (Mr. Motherwell) on the spirit of forgiveness and conciliation which he has shown towards hon. members opposite regarding the severe personal criticism which they have levelled at him from time to time. He has shown a spirit of forgiveness and a willingness to work hand in hand with the present government and the Minister of Agriculture for the uplifting and benefit of agriculture throughout the country. He knows the serious condition in which agriculture now finds itself.

Probably the Minister of Agriculture has wondered why in the past from time to time he has been subject to such severe personal criticism from this part of the house. Let me say this to him: From the time he first spoke in this chamber he courted such criticism. In the first speech he delivered here he went out of his way to criticize our leader and to brand him as an outcast. He also spoke of the former Minister of Agriculture as a spreader of foul seeds and weeds throughout Saskatchewan. Both of these hon. members are respected and looked up to by us on this side of the house, and we resent such personal criticisms and are willing and ready to hurl them back to the man who uttered them. If he comes looking for war, he will find war. In the last speech he made in this house the Minister of Agriculture went out of his way to refer to two hon. members on this side, two outstanding representatives of western Canada, whom he branded as backbenchers. Now if we stop and think we will realize that even the present Minister of Agriculture is where he is only by a turn of the wheel of fortune which has brought him to the front. When a man goes out of his way to criticize severely members on this side of the house, he must expect the same treatment from hon. gentlemen on this side. As to me, I do not ask for any quarter and I do not give any, but I am ready and willing to cooperate with other hon. gentlemen for the

good of agriculture at the present time. I reserve the right, however, not to indulge in personal criticism, but to criticize policies that may be put forward by the government. I think hon. members should at all times be ready and willing to give constructive criticism of policies that are put forward by the government for the good of agriculture or for any other purpose.

We listened this morning to some hon. members opposite saying that the former Liberal government had no policy with regard to agriculture. That showed a woeful ignorance on their part of what the former Minister of Agriculture and his department did during the years of the Liberal administration. Last year in this house I put on Hansard a record of the achievements of the former Liberal administration with regard to agriculture, and in case some hon. members did not hear it or have not read it or looked up the agricultural literature for the past few years, perhaps it will be wise for me to put it on Hansard again in order that they may become acquainted with what the Liberal government actually did do for agriculture during the years they were in power.

First I would mention that the former Liberal government made it possible for the farmers of western Canada to secure two new varieties of wheat, Garnet Wheat and Reward wheat. They placed these two new varieties in the hands of our farmers. I see some hon. gentlemen opposite smiling. If they went to the farmers out in the Peace River country or in northern Saskatchewan and told them that this was something to laugh at, they would not be laughing before they got off the farm, because Reward and Garnet wheat have been a wonderful boon to the western farmer who has been having frozen crops for the last ten or fifteen or more years. It has meant hundreds of millions of dollars to western Canada to have Reward and Garnet wheat. It has made it possible to raise wheat in the northern parts of Saskatchewan, Alberta and Manitoba where formerly we thought we could never raise wheat. Farmers had previously been raising piebald Marquis wheat, which had been cursed by every importer in the old country for years, or they had been raising frozen wheat and getting little or nothing for it for years, but these early varieties of Reward and Garnet wheat have made it possible to extend the boundaries of the area in which we can raise wheat for over one hundred miles further north.

The next thing the Liberal government did was to participate with the provincial government of Ontario in a scheme for erecting a new live stock building at the Royal Winter Fair, Toronto, by granting a sum of $35,000 per annum for twenty years. Hon. members for Ontario are well aware of the value of the Royal Winter Fair.

The former government also organized work throughout the country with a view to finding a rust-proof wheat. Farmer members from Manitoba know what rust has meant to them in the growing of wheat for many years. It has ruined our western crops to the extent of millions of dollars. The government started research laboratories and experts working on this problem of rust control and such great progress was made that we now have a wheat which is almost free from rust, and in this way one of the big problems which the farmers of western Canada have had to contend with for years has been practically eliminated.

I will leave that matter as time is passing and go on to the next. The former government also established restricted areas for the eradication of bovine tuberculosis. The work that has been done in that respect has been of incalculable advantage to the farmers of Canada and to our citizens in general. These restricted areas were established throughout the country under the Liberal administration, and the work is still being carried on at the present time to the great benefit not only of the live stock industry of this country but of the health of the human race.

Another thing which the late government did was to enlarge the present central experimental farm at Ottawa by taking in a few years ago a large tract of land.

Another thing was the grading of our products and the establishment of standards looking towards improving the quality of our products and their better marketing. That system has been of great importance both to our domestic and export trade in agricultural products. The results of this system have been to improve the quality of our products, to increase their monetary value, and to add to our reputation for such commodities as butter, cheese, eggs, bacon, fruits and vegetables. This question of grading of different products was examined by the agriculture committee last year, and although there was some adverse criticism from some quarters it was decided by the committee, after investigation, that this system of grading and standardizing of our agricultural products should be continued because it was to the advantage of agriculture and in the public interest as well.

Next was the establishment of an agricultural economic and cooperative farm market-

ing branch. That has now been established for some time. Another thing which the former government did was to create a system of inspection of fruits and vegetables at the different shipping points. The Minister of Agriculture also inaugurated a system of precooling or refrigerating of fruits and vegetables.

Next was the establishment of a seed-cleaning and storage elevator at Moose Jaw.

Initial steps were also taken by the former government to hold the world's grain conference and exhibition at Regina. We hope that this will materialize in the future. It was called off last year owing to conditions in western Canada, but we hope and trust that conditions will be better in the future and that this world's conference will take place at Regina.

The former government also established three new plant pathological laboratories, at St. Catharines, Edmonton and Sydney, and the representatives from those districts in this house I am sure appreciate the value of those laboratories.

Then the former government also abolished the manufacture and importation into Canada of oleomargarine. It will be remembered that some years ago we endeavoured to put through legislation prohibiting the importation of oleomargarine. To-day we are the only country in the world that does not allow the use of oleomargarine. This question became more or less of a political issue at the time and the leader of the opposition of that day and the former Minister of Agriculture voted for the importation of oleomargarine. They were anxious to have it brought into the country. But the Liberal government refused the importation of oleomargarine. If oleomargarine were imported into Canada to-day it would undoubtedly replace some thirty or forty million pounds of butter, so that step by the former government means a great deal to the dairy farmers of this country at the present time. We come next to the assistance of live stock industries and the establishment of live stock arenas in cooperation with the provinces and cities interested. Several of those arenas are distributed throughout the dominion at different centres where fairs are held, and are used for the accommodation of live stock. Next we come to cooperation with other nations of the British Commonwealth in the establishment of an agricultural research bureau. These are some of the things the Liberal government did for agriculture during its term of office.

Mr. PORTEOUS: Did that cooperation increase the exports of agricultural products?

Mr. DONNELLY: We believe it did.

Mr. PORTEOUS: Well, it did not.

Mr. DONNELLY: My word is as good as the hon. gentleman's. May I now refer to the policy of the Conservative government since coming into power.

An hon. MEMBER: It might not mean much either.

Mr. DONNELLY: If what I shall have to say did not mean more than the statements of some hon. members opposite I would not say anything; I would not get up and make speeches at all.

I shall now refer to the policies of the Conservative government. I have before me twelve points which the present Minister of Agriculture propounded as his policy:

1. A national marketing board.
2. Lower costs of production to be attained by increased yield of wheat per acre.

We have endeavoured to increase our yield of wheat for a great many years, and I do not know whether or not at the present time we are meeting with more success than we did before. All farmers try to increase their yield.

3. Sewing of land with crop best suited to it.

I do not know how that will be worked out, and I am not familiar with the activities along that line, or whether very much has been done in connection with the matter.

Mr. WEIR (Melfort): Mr. Speaker, I rise to a point of order. On what does the hon. member base his statement that that is the agricultural policy outlined by me?

Mr. DONNELLY: This statement was issued by the Department of Agriculture, and I have read the same twelve points published in MacLean's Magazine. I received a pamphlet from the Department of Agriculture outlining the twelve points shortly after the minister took office, and accept them as his policy. We return to them as follows:

4. Research work to discover fertilizers required for different soils. No fertilizer to be recommended unless of moderate cost and available in the particular area.

I do not know what has been done, or of any particular activity, in that connection.

5. Immediate survey of seed grain—wheat, oats, barley—and of seed vegetables and fodder crop.

I leave that for the consideration of hon. members.

6. Creation of bull clubs.

This has been done for many years by all governments. Bull clubs have been established throughout the country for a long time.

7. Immediate improvement of quality of our swine; government to buy every good sow which comes on the market.

For years the Liberal government had the same policy; I can remember that for fifteen or twenty years that practice has been followed.

8. Eradication of disease among poultry.

About the year 1916 or 1917, under the Union government, if I remember correctly, this policy was begun and still continues.

9. Increase of efforts to eliminate parasites.

Apparently efforts along those lines are not being greatly increased because we find that the estimates for the entomological branch have been decreased. Apparently they are going to restrict their activities.

10. Transformation of experimental farms into local educational centres.

We have not seen any great activity along that line.

11. Cooperation with provincial governments in carrying out policies and bringing to the farmers the discoveries of government scientists.

There may have been some activities along that line, but I do not know of them.

12. Research work in feeds to inform farmers of best balanced ration available in each area.

Of these twelve points, eleven have been clipped from the policies of former governments and have been the policies of past administrations. There is only one new one, namely, that referring to the national marketing board. We have heard a great deal about this board which is still in process of being formed. I am in happy cooperation with the idea, and hope it reaches formation. I should like to say to the minister, however, that such a board may be fraught with great difficulties and troubles, especially owing to the fact that an economic conference is shortly to be held in Ottawa. Those in charge must be careful concerning any steps taken towards the formation of such a board.

I have endeavoured to outline the policies of Liberal and Conservative administrations. What has been done with regard to them? May I say that in 1930, the Liberal government passed an estimate for $25,000 to set up a commission to investigate live stock and live stock products. That commission was never formed, and the investigation never took place. After two years have elapsed we find that at the present time this government is going to do a similar work. In the meantime, however, it has allowed two years to pass before beginning the program.

In his speech to-day the minister referred to the amount of farm products we have exported. He did not, however, tell us about the prices we received for them. If we cannot sell products abroad at our present prices, when will we be able to sell them? If an hon. member were running a shoe store he could sell his shoes at $1 a pair much more quickly than at $5 a pair. It would be much easier to sell wheat at 50 cents a bushel than at $1.50 a bushel. At the present time wheat is being sold for about 45 or 50 cents a bushel and eggs at four cents a dozen, whereas at an earlier time we received $1.50 or $1.65 for our wheat and 25 cents or 30 cents per dozen for our eggs. To-day the farmers in the west are saying, "We are not selling our products; we are giving them away." Certainly if we cannot give them away we must be passing through very hard times.

The other day I said to a farmer, "How much do you get for eggs"? He said, "Four cents a dozen." I said, "They cannot go much lower than that," "Oh, yes they can" he said, 'they can go four cents lower." Probably that man was a pessimist, because he believes that the price can drop four cents more. We hope it does not, and that it begins to recover. It is impossible to imagine conditions much worse than they are to-day.

The minister referred to a reduction of ocean freight rates on cattle shipped to the old country. Yes, that is true; they have been reduced. I presume the government is taking credit for that drop. But, surely if it takes credit for a reduction in freight rates on cattle shipments it will give the Liberal government credit for in the year 1926 or 1927 reducing freight rates on cattle $15 or $20. Surely we can give the Liberal government credit for that. Is the minister also taking credit for having reduced ocean passenger rates? The shipping companies have reduced the freight rates on cattle; they have also reduced their passenger rates. Why? Well, any hon. member knows the reason—it is good business. The shipping companies are out for the business; that is all. If this North Atlantic shipping combine figured it was good business to put up the freight and passenger rates to-morrow, they would put them up. I hope they will not. They are not looking after the farmers' interests; they are looking after their own. If the minister was instrumental in bringing about the reduction in freight rates, I should be willing to give him credit for it, but I do not think there is any credit coming

to him. But if he has been responsible for that reduction, I do hope he will be able to get a still further reduction.

With regard to farm conditions generally, I agree with everything that has been said by the hon. member for Macleod (Mr. Coote) and other hon. gentlemen who have preceded me, in depicting the terrible conditions that to-day exist among our farmers throughout the dominion. In my opinion nothing more adversely affects the Canadian farmer to-day than the low price he is receiving for his products. That price has been reduced from one hundred down to about thirty-seven; whereas the price of the commodities he has to buy has been reduced only to about eighty-six. If the price levels were even the condition of the farmer would not be so bad. I submit the government should take immediate steps to try to adjust these price levels so as to get them somewhere about even. I take issue with the Minister of Agriculture that tariffs have no influence upon prices; I contend they have a very material influence; and I believe that with the present high tariff policy of this administration we are bound to have a continuation of those uneven price levels. The only way to adjust them to something like an even basis is by lowering the tariff. If you bring down the tariff the price of manufactured products will come down to about the level of the price of farm products. "Oh, yes," you say, "but if you do that you will put the manufacturer in the same miserable condition as the farmer is now experiencing." No, you will not do anything of the sort. In the first place, you will make the condition of the farmer better. You will admit that. But you will not put the manufacturer in the desperate condition of the farmer, for the very reason that the moment you begin to bring down the price of manufactured products you will have more markets. You will grant that. Our people will begin to get busy, our transportation companies from one end of the country to the other will get busy. What will follow immediately after that? We shall have an unfavourable trade balance. Just what our Prime Minister does not want at all I do want; I want an unfavourable trade balance. The moment you get an unfavourable trade balance the value of your dollar will go down—just what the hon. member for Macleod was referring to—but the price levels of our manufactured and our farm products will go up. I repeat, an unfavourable trade balance will depreciate our dollar. As a result our manufacturers will receive more protection, they will get a better price for their goods; and so will our farmers for their products. After we have a depreciation in the value of our money, and we are importing and exporting more freely, if we find our price level is not high enough, then I am ready and willing that we go off the gold standard and issue more paper money. "Oh," you say, "this is terrible, to issue more paper money." But we have done it in the past. In 1917, I think it was, we issued $26,000,000 of paper money, with nothing behind it at all, only the country. It did not hurt the country any, we went on financing just the same. In 1927 we issued another $46,000,000 of paper money without any gold back of it. We had prosperous times. We can do it again if necessary. We have all the resources of the country behind us. If having lowered our tariff we have an unfavourable trade balance and depreciated money, and we do not find the price levels high enough, we can issue more paper and depreciate our money still further, This is necessary to be done in the interests of agriculture and of the other primary industries all over the country.

We should, if possible, endeavour to reduce production costs, but this government has done more than any other government to increase these costs. Their action in issuing the national service loan did more to increase the cost of production than the action of any other government that has preceded them. I ask any hon. member: If you had $10,000 in your pocket what commercial enterprise would you put it into?

Mr. MULLINS: A good farm.

Mr. DONNELLY: I thought that, too, some years ago. I may tell the hon. member for Marquette (Mr. Mullins) that I once put $125,000 into good farms, and I will take $25,000 for them to-day. He may think it a good investment now; I did some years ago. But no one who stops to think seriously—and the people are thinking seriously—is very well aware that there is no commercial enterprise to-day into which a man can put his hard-earned cash and feel assured that it is safe and he will get a good return on his investment. For that very reason our financial men had their money stored in the banks not knowing what to do with it. They were willing to take the ordinary rate of interest allowed by our banks rather than invest their capital in any commercial enterprise. When the national service loan was floated naturally these men would have been anxious and willing to buy national bonds that would return them four per cent interest. But this government said, "No, that is not enough; you

shall have more than that, you shall have $5.12 to $5.17 for your money." Thereupon they raised the rate of interest and gave a splendid opportunity to these moneyed people. By taking this action the government forced our provinces in western Canada to pay six and a half per cent on bonds that they issued immediately afterwards—bonds exempt from municipal and provincial taxation, which means that they give a return of somewhere in the neighbourhood of seven per cent. What has happened as a result of this? To-day the western farmer has to pay nine and ten per cent interest on loans. He simply cannot pay that rate of interest under present conditions. I repeat this government is responsible for that state of affairs. From the point of view of our farmers nothing worse could have been done. I have maintained, and I still maintain, that what we farmers in western Canada have always wanted was not easier money—we have had too much of it—but cheaper money. Every time our banks lend out money they should see that their loan is secured; then they would be able to lend their money to our farmers in western Canada at a low rate of interest. Therefore I would urge the minister to intercede with his government to see if something cannot be done in order to secure for western farmers not easier but cheaper money, in order to enable them to carry on, and with this criticism I will conclude my remarks.

Mr. V. C. PORTEOUS (North Grey): Mr. Speaker, I rise because of the challenge issued by the hon. member who has just taken his seat, who said that his word had greater value than mine. I do not say that my word is worth more than his, but I have under my hand a return tabled by the Department of Trade and Commerce which does say so. I should like to place on Hansard a few figures with regard to the value in dollars of the exports of agricultural products, comparing the years 1921 and 1930, in dollars:

	1921	1930
Meat products. . . .	$ 89,628,963	$ 48,143,948
Dairy products. . . .	52,863,867	27,484,354
Wheat.	310,952,138	215,753,475
Other agricultural products.	299,732,518	212,599,039

It will be seen that in every case there has been a decrease under the Liberal government. While I am on my feet I should like to make one comment on the amendment. May I say if those who have suspicious minds with regard to the monopolies of this country were to capitalize their suspicions as much as they capitalize the position of the country to-day in order to improve their position as members of the opposition, I should pity the shareholders in that capitalization.

I may say that it is generally known in my party that I entertain some ideas that are somewhat similar to those expressed by the hon. member for Macleod (Mr. Coote) with regard to our currency. I say, however, that in view of the fact that the hon. member has been promised that this matter will be discussed at the coming Imperial conference, I cannot see that any benefit will be derived by bringing it up for discussion here on the very eve of the prorogation of parliament. I believe many things will be accomplished at the Imperial conference that will prove beneficial to the farmers, and I think the hon. member who moved this amendment would do well to withdraw it.

Some parts of the amendment have no importance at all. For example, one suggestion has to do with the national control and regulation of currency. I would suggest to hon. members who criticize our present banking system that if they have any funds to spare the field is wide open. They can go into the banking business any time they wish, and if they think the rates of interest now charged are too high let them loan money at a lower rate on the same security required by the banks. Another suggestion is that a substantial reduction be made in farm indebtedness and interest rates. I should like to know how any government can reduce the indebtedness of farmers to private individuals. Another recommendation has to do with international agreements on tariff matters. I should like to know what government has gone further than this government has gone, and contemplates going, with regard to trade agreements. The Imperial conference has been called; it is contemplated that this question will be discussed, and I believe what will be accomplished there in regard to international agreements will be an example to all nations. I do not see that any benefit will be derived by the farmers if this amendment is adopted, so I must vote against it.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, I should like to take this opportunity of speaking very briefly on one particular phase of the amendment now before the house. I am not confining myself to this one matter because I deprecate the importance of other points contained in the amendment, but because there are two or three other good reasons.

I should like to speak for a few minutes upon the proposed marketing board. This, of course, is not altogether a new idea; it is one which the minister had in mind before he

was appointed to his present position. For many months many of us have been studying this question and hoping for the creation of this board. May I say here that just as the minister spoke of the cooperation offered by other hon. members and of the absence of partisan party politics in the consideration of this matter, so I wish to express my appreciation of the attitude of the minister in welcoming that cooperation and assistance and in meeting on common ground those who are sincerely interested in agriculture and who believe that by this means some good may be done.

It has been announced that for certain reasons this policy cannot be initiated at the present time, but we have been told that a commission will be appointed to study this question and perhaps settle some of the doubts and meet some of the difficulties which are now apparent. It is hoped that this will make it possible at some future time—I hope in the very near future—to establish such a board. Naturally, with others who have been thinking along these lines, I am disappointed that it is not possible to proceed with the creation of this board at this time. I have no doubt the minister shares that disappointment, but I quite understand that there are three distinct difficulties which stand in the way of the actual appointment of such a board and the carrying out of such a plan at the present time. First, there is the question of whether the plan itself is absolutely sound. Personally I am convinced that it is, but that does not necessarily mean that I am right and all who think otherwise are wrong. Then there is the question that undoubtedly has occurred to the government, as to the reception such a board would receive on the part of those who it is hoped will be the chief beneficiaries of the plan, the farmers themselves. Again I say that as far as I have been able to ascertain the farmers in general are not only prepared to enter into such an arrangement but they are also prepared to make it self-supporting and semi-cooperative, and their only regret is that they have not been able to do so before this time. But again I can only speak for that part of the farming population with which I am intimately acquainted.

The most serious aspect of all, and the consideration in which, in spite of my own disappointment, I believe possibly wisdom has been shown in this delay, is the relation of this plan to the coming Imperial conference. In connection with any plan of marketing, two main factors must be considered, the producers who wish to sell their goods and the consumers whom it is hoped will purchase those goods. We must consider our own experience and the experience of other countries. For example, Australia is working under the Patterson scheme, which this proposal might resemble, but they are not permitted to send their butter to this country because of the dumping clause. It would be fatal to this plan if we were to find out too late that that was the attitude of Great Britain. I believe there is a general misapprehension as to the details of this proposal; I cannot indicate what the bill will contain because that is in the hands of the gods, but I can indicate what is in my mind and in the minds of many others who have discussed this matter.

Throughout the years under successive ministers much good work has been done by the Department of Agriculture, but in the main the work has been along the lines of improving marketing methods and the farm products themselves. In this field much good has been accomplished. I believe that this country has been fortunate in the past and is at the present time in the quality of its ministers of agriculture. They have been men who have had a wide and intimate knowledge of farming matters, they have had a sincere desire to do what was best for agriculture. Under their administration and partly with the assistance of the department, a foundation has been laid without which no marketing plan could succeed. We have a foundation of good products, good live stock and poultry; we have our systems of grading. These things have made it possible at this time to say that in the main we can supply that class and quality of farm products which is essential if we are to enter the British market in competition with other countries, principally Denmark. While good work has been done, this work is set at naught unless the product can be sold at a price which will at least meet the cost of production and leave a small profit for the time and labour expended and to cover the capital costs represented by the plant. That this is not the case at the present time is so well known that I do not need to add further arguments.

The hopelessly disorganized condition of the farmer and the low prices which he is receiving for his products have made it obvious that some action must be taken along the lines of better marketing methods. This condition is tragic because the population of our farms is slowly but surely moving towards bankruptcy. It is not only a bankruptcy of fortune, of bank account and pocketbook but a bankruptcy of ambition and morale. Although it must be admitted that it is no small misfortune which can discourage the

splendid type of man and woman we have on our farms, there is a limit to endurance and if this drain upon reserves, financially and morally, continues, that limit will be reached. I speak from an intimate knowledge of the men and women in western Canada, with whom I have worked and lived for the greater part of my lifetime, but I am prepared to believe that the same is true of our brother farmers in the central and eastern provinces. I feel sure that they are of a strong and courageous character and willing to work under overwhelming odds, but that cannot go on forever.

What is the reason for these conditions and the low prices which prevail? It is due in part to general conditions and also to the fact that the farmer has increased his production along other lines because of the continued low prices being paid for wheat. Local consumption of farm products in this country has decreased due to widespread unemployment; there is a lessened purchasing power and as a result of all these things we find ourselves upon an export basis not only with respect to wheat but with respect to live stock, dairy products, poultry, eggs, and all those products which are generally designated as mixed farming products. This attainment, if it may be called an attainment, instead of being a matter for congratulation has had far-reaching and most unfortunate consequences. One of the reasons for the conditions which now prevail, a reason which has been proved so often as almost to attain the status of economic law, is the fact that even a small percentage of farm products produced in excess of the home requirements will set the price for the entire production, whether sold in this country or abroad.

My time is too short to go into the details of this matter, but I shall refer to one instance, that of hogs. A little less than a year ago we reached the export basis on hogs. Within a few weeks of that time, without any other factor entering into the matter, the price paid to the farmer for hogs dropped from an average of eight cents per pound to four cents per pound. The same was true of our beef cattle, and I am sure it was also true, perhaps not to the same degree, of our egg production, our butter production, and the production of those various articles to which I have referred. That being the fact, I think it would be most deplorable to throw up our hands and say that the only remedy would be to keep our production down to domestic requirements. That would be admitting an abject failure, and I do not think we are ready to do that. If we are to succeed in this country—and I am certain we shall in the future—and if the farmers are to succeed, they must raise more of their class and kind of product than can or will be consumed in Canada during the succeeding years. It would be a tragedy were that very energy, that very production itself to be, through the force of circumstances, the power that damned all their efforts. We must find some other way out of the situation.

What has been done to meet this condition? During the past years, by private initiative and cooperative endeavour, an effort has been made to place upon the markets of other countries and particularly of Great Britain, some of that surplus. That effort, speaking in the large, speaking as a matter of continuity of policy, has failed. The reason given is fairly obvious. Before we can enter the British market—let me use it as an illustration as it is the greatest market open to us at the present time—and maintain our trade within that market, we must assure the purchasers of those goods there of two things: first, that the goods which we sell have uniformity of quality and that they may depend upon that quality as continuing month by month and year by year. Beyond that we must assure them of continuity of supply. The British importer is not going to take the trouble to advertise and develop a market for Canadian live stock, bacon, butter or other commodities, when he is not certain at any time, having developed that market, he will be able to get those goods to meet the demand thus created. So far he has not had that assurance, and for this reason: In almost each year there are periods when live stock and butter may be sold upon the British market at a price which, in comparison with our Canadian price, will realize a profit. There are other periods when almost certainly a loss will be involved, and it is too much to expect any private shipper will keep on shipping month by month when he is losing money. But unless we can establish that continuity, why should the British importer bother with us, particularly when he can receive from other countries, notably from Denmark, the class and kind of goods he requires, with the absolute certainty that those goods will be delivered as and when wanted week by week and month by month throughout the entire year? That is a point in regard to which we must take some action.

I have neither the time nor the knowledge to go in detail into what might be done, but may I suggest two or three main principles under which such a board as has been suggested might function, and the work it might

do? In the first place, such a board should be given fairly ample powers, to be exercised in connection with regulations passed, I should suppose, with the approval of the governor in council. Those powers should, I think, include one of having some control over the quality of the products which we export. This may sound to some as dictatorial, but it would be intolerable if, during the process of developing an export trade, any individual through short-sightedness, greed, selfishness or mere ignorance, were to be permitted to destroy our hopes by shipping abroad some trashy product of a kind of which we still find too much in this country, but which is in no way typical of this country's products as a whole. You cannot over-estimate the damage which might be done to our reputation or the financial loss that might be incurred by such a thing. Just as we guard the quality of our wheat as it is distributed throughout the world and also as we guard that of our eggs, poultry and other products, so should such a board have power to exercise some control, and for the same reason, over the quality of our goods sent abroad.

In the second place, the board should have some control over transportation facilities, particularly the ocean space, in relation to beef cattle and other items. It should have, as was intimated by the minister, the power at least to inquire into the spread which prevails as between the producer of farm products and the ultimate consumer. In that connection it should have and eventually I think it must have, control over a fund out of which losses incurred in our overseas trade in farm products may be met. As to that—and I imagine it is one of the greatest difficulties—so much has been said on one side or the other, I hesitate to say more. But two questions are being and should be asked in respect of such a fund: How is it to be financed? How are you going to get the money? Second, how will it be expended in order to bring about the greatest results? I suggest—and this is no suggestion emanating from myself; it has been indicated already by the minister as a possibility—that such a levy should be placed on the goods themselves, on the total production in this country of that class or kind of farm commodity, in such a way as to impose no great hardship, and that could easily be done.

Let me take live stock as an illustration: last year we exported something like five per cent of our total production and that five per cent, hanging over our heads at this time, is sufficient to depress our market. A levy of one-tenth of a cent per pound according to the weight of the animal, placed upon our total production, would prove approximately sufficient to pay two cents a pound, or $20 a steer on all the animals exported. Further, this is obvious and it is most important: This assistance should not be given by way of a fixed bonus. If you do that, you defeat the very object you have in view, because if this is paid by way of a fixed bonus, it is obvious it would be to the interest of the buyer or shipper to keep the Canadian price as low as possible in order that the bonus might add to his profit and not to that of the producer. I suggest that it should be used to pay the actual loss involved in the shipment of those goods. This would be a varying amount. In this way two difficulties would be met: first, it would in no way induce the shipper to depress the Canadian price, and, second, it would in no way put us in the position of attempting, by bonusing articles, to undersell our competitors in foreign markets, neither of which actions would be sound.

Other items might be attended to similarly. Owing to the time of the day and the desire to prorogue, I am not going to go into this as I might and perhaps should. The main object of the whole thing is this: to replace this chaotic, disorganized condition under which this modicum of exportable goods becomes a curse which crashes the price of all, with an organized, systematized method of controlled marketing, semi-cooperative in character, financed by the industry itself and having in mind as an objective, as a watchword: continuity of supply, uniformity of quality and stabilization of market conditions and of price levels. Create that slight shortage; permit to be created or reestablished that healthy competition, which, under our present system, is the life of trade, and you go some distance in solving the marketing problem of the farmer and in placing his domestic as well as his export prices upon a reasonably stable basis. You put hope into his heart, and while no one could expect that this would solve all his problems, because it would be wrong to think the millennium would come. I believe it is one step which could be taken towards the solution of these problems and the placing of agriculture upon a basis which would bring reasonable returns to those engaged in the industry and put hope into their hearts. I believe that it would be one factor in raising the cloud of depression under which we are labouring at the present time.

Mr. H. J. BARBER (Fraser Valley): I wish to pay a compliment to the Minister of Agriculture (Mr. Weir) and to his depart-

ment for some great work that his market extension division has done for certain fruit and vegetable growers in my district during the last season. The minister referred briefly to a shipment of rhubarb. The fruit and vegetable growers in my district wish me to express their gratitude not only to the minister but to the government for the protection which has been afforded to this industry during the last two years. Just to show the house the work which the market extension division of the Department of Agriculture can do, I would point out that rhubarb is produced in the Fraser river valley a few weeks earlier than in the rest of the dominion, and we were successful this year in marketing our rhubarb not only on the prairie but in eastern Canada. When the first shipment of field rhubarb was due to be shipped to Ontario on April 27, the Department of Agriculture put on a broadcast over the eastern section of the Canadian National Railway System announcing that Canadian field rhubarb had arrived, dilating on its qualities and on the medicinal value of rhubarb, and urging the people to purchase it. The result was that from that one district in the province of British Columbia we have marketed this year close to one hundred cars of that product. This work I think might be enlarged.

I must express disappointment that something in the way of a marketing board has not been brought into existence this year, but the minister has announced that it is the intention of the government to set up a commission. I hope that that commission will be clothed with powers not only to encourage our export trade but to assist some of our industries in reducing the great surpluses that exist to-day. The Minister of Agriculture told us the other day that owing to a surplus of some fifteen million pounds of butter in Canada the price had dropped from 28 to 17 cents. It is the belief of the dairymen of my district, and I believe throughout the dominion, that if that surplus could be removed the price of butter would advance four or five or six cents immediately. This is a matter that I have no doubt the commission will take into serious consideration, and I hope that they will have powers conferred on them so that they may assist our producers. Another important matter is the distribution of Canadian products within our own country. This is very important. I was hoping that the marketing board would have power to deal with this question, but now that a commission is being appointed I trust that it will be clothed with power to encourage and assist towards the orderly marketing of products within our own country. I am reminded particularly at the present time that large quantities of Alberta butter are coming into the province of British Columbia. We can absorb large quantities in that province because we do not produce sufficient to meet the demands of the domestic market, but the trouble is that many of the creameries in the province of Alberta are small, with no selling agency, and they ship their product to some broker in Vancouver, and he unloads it as soon as possible and cuts the price in order to dispose of it. The result was that butter on the Vancouver market was reduced by five cents a pound in one day. That also applies to eastern Canada as well as to the prairie provinces, and if something could be done to encourage the orderly marketing of our products within our own country it would be a great work. I trust that the commission which is being appointed will be able to do something along that line. I am not going to say anything more with regard to the marketing board. The last speaker (Mr. Speakman) has expressed my views in that regard. All I wish to add is that I know there will be great disappointment in certain branches of agriculture that that board was not set up this session.

Another matter that I wish to take this opportunity of bringing to the attention of the house concerns another branch of agriculture and one that is confined to my district. But even if it is confined to one district in the Dominion of Canada there is no reason why we should not all be interested in it. We have in Canada to-day certain resources limited to certain districts, and we are all interested in their development. I am speaking particularly of the hop-growing industry. Canada is the only hop-growing country in the world that is not producing a surplus. Furthermore, we are producing the finest hops in the world. The Canadian hop stands high on the world's market. I have some evidence here which I wish to produce very briefly. Samples of the Canadian hop have been submitted to the brewers' academies, not only in Great Britain but in the United States, and I should like to quote from a letter from the National Brewers' Academy of New York to whom nine samples were submitted:

> Replying to your inquiry of even date, we desire to state to you that British Columbia hops are considered an entirely suitable brewing material for the production of ale, lager and stout, and that in our experience, owing to the pronounced aroma of this type of hops, it may be used in the proportion of fifty to seventy-five per cent in the production of lager beer, whereas for the brewing of ale, stout and

porter British Columbia hops may be used exclusively in order to impart to the finished beverage a distinct hop-aromatic flavour and a pleasant hop-bitter taste.

I do not think it is necessary for me to dilate further on the quality of this product. We find that even with the large surplus of hops in England we have been able, owing to the high quality of the Canadian hop, to export small quantities to that market. What I wanted particularly to deal with is the serious condition in which that industry finds itself at the present time owing to the fact, not that the whole Canadian product could be consumed in Canada, but that the consumers will not purchase this product. It is quite evident that the reason is because this industry some time ago was very active in approaching the late government and also this government in regard to some protection, and in retaliation the consumers, the brewers of this country, with the exception of one, have discriminated against and carried on a boycott against the Canadian hop. One of the largest growers has been boycotted for being active along these lines since 1925, and he states:

Our company has been under boycott for many years, and nearly all of our $500,000 investment in British Columbia remains idle for that reason. Furthermore, our losses in the past few years have totalled $174,294 because of the boycott.

The efforts that have been made to sell not only direct to brewers but through brokers have been more or less unsuccessful. I have under my hand a letter written by a broker in the city of Toronto referring to his efforts to place some of the Canadian product with consumers in that city. He points out that owing to the effort of the growers to have an embargo placed on imported hops they refused even to look at the samples. I have represented the interests of this industry in the house, and have appealed both to the Department of Agriculture and the Department of Trade and Commerce. May I say that the industry has received great assistance from both sources. I know, however, that there was never any effort made to effect an embargo. In fact the industry is in this position: They are very fair; they do not even suggest that there should be a high tariff. They suggest only that some working agreement should be made between the consumers and the growers, and they are prepared to enter into such an agreement for a term of years. I thought that some arrangement might be made between those two bodies through the marketing board whereby the growers might receive something near the cost of production plus a fair margin of profit. They would be satisfied with that arrangement. I had hoped that there might be some organization through which it might be possible to bring the consumers and growers together, and it is my hope that the board, when set up, may have that power.

As we are approaching the end of the session I shall not take further time but should like to take this opportunity to congratulate the minister upon his efforts to assist the mixed farmers of Canada. I could not for one moment support the amendment, because when we compare the conditions in Canada with those of other countries we must feel fortunate that we are living here. I wish briefly again to thank the Department of Trade and Commerce and the Department of Agriculture for their efforts in helping to market the products of British Columbia.

The house divided on the amendment (Miss Macphail) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Boulanger,
Brown,
Coote,
Donnelly,
Gardiner,
Garland (Bow River),
Hanson (Skeena),
MacInnis,
Macphail, Miss,
Mitchell,
Motherwell,
Reid,
Rhéaume,
Spencer,
Weir (Macdonald),
Woodsworth.—17.

NAYS

Messrs:

Anderson (Toronto-High Park),
Baribeau,
Barrette,
Beaubier,
Belec,
Bourgeois,
Bowman,
Bury,
Cahan,
Chaplin,
Davies,
Dickie,
Duguay,
Duranleau,
Esling,
Gagnon,
Gobeil,
Gordon,
Hay,
Johnstone,
Larue,
LaVergne,
MacNicol,
McGregor,
Manion,
Moore (Chateauguay-Huntingdon),
Peck,
Pickel,
Porteous,
Shaver,
Simpson (Simcoe North),
Spankie,
Spence,
Sproule,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Selkirk),
Sutherland,
Tétreault,
Thompson (Simcoe East),
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wright.—47.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),	Factor,
Arsenault,	Thauvette,
Arthurs,	Speakman,
Baker,	Bertrand,
Barber,	Totzke,
Bell (Hamilton),	Mercier (St. Henri),
Bell (St. Antoine),	Raymond,
Bell (St. John-Albert),	Dubois,
Bennett,	King,
Black (Halifax),	Dubuc,
Bowen,	McKenzie (Assiniboia),
Boyes,	Kennedy (Peace River),
Burns,	Butcher,
Cantley,	Cardin,
Casselman,	Howard,
Charters,	Blair,
Cotnam,	Hurtubise,
Cowan (Port Arthur),	Ilsley,
Cowan (Long Lake),	Lucas,
Dorion,	Verville,
Dupré,	Ferland,
Edwards,	Elliott,
Embury,	Bothwell,
Fortin,	Fafard,
Fraser (Cariboo),	McMillan (Huron South),
Ganong,	Hanbury,
Garland (Carleton),	Goulet,
Geary,	Mercier (Laurier),
Gott,	Rutherford,
Guthrie,	Lapointe,
Hackett,	Perras,
Hanson (York-Sunbury),	Veniot,
Harris,	Jacobs,
Kennedy (Winnipeg),	McIntosh,
Laflèche,	Girouard,
Laurin,	Fontaine,
Lawson,	Gray,
Lennox,	Pouliot,
Loucks,	McLean,
MacDonald (Cape Breton),	Urquhart,
Macdougall,	Fournier,
MacLaren,	Fiset, Sir Eugène,
MacMillan (Saskatoon),	Mackenzie (Vancouver),
McDade,	Dupuis,
McGibbon,	Power,
McGillis,	Deslauriers,
Maloney,	Young,
Matthews,	Moore (Ontario),
Morand,	Parent,
Mullins,	Howden,
Murphy,	Stewart (Edmonton),
Nicholson,	Bradette,
Perley (Qu'Appelle),	Munn.
Perley, Sir George,	Marcil,
Pettit,	Bouchard,
Rhodes,	Ralston,
Robinson,	Desrochers,
Rogers,	Irvine,
Ross,	Roberge,
Ryckman,	Chevrier,
Rowe,	Lacroix,
Ryerson,	Taylor,
Sauvé,	Séguin,
Senn,	Sanderson,
Short,	Heenan,
Simpson, (Algoma West),	Casgrain,
Smith (Cumberland),	Duff,
Smoke,	Cayley,
Spotton,	Hepburn,
Stanley,	Heaps,
Stinson,	Hall,
Stitt (Nelson),	Beaubien,
Sullivan,	Brasset,
Thompson (Lanark),	Luchkovich,
Tummon,	St-Père,
Turnbull,	McPhee,
White (London),	Gershaw,
Wilson,	Vallance.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted I would have voted for the amendment.

Mr. IRVINE: I was paired with the hon. member for South Winnipeg (Mr. Rogers). Had I voted I would have voted for the amendment.

Mr. SPEAKMAN: I was paired with the hon. member for Parry Sound (Mr. Arthurs). Had I voted I would have voted for the amendment.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted I would have voted against the amendment.

Mr. STITT (Nelson): I was paired with the hon. member for Provencher (Mr. Beaubien). Had I voted I would have voted against the amendment.

Mr. LUCAS: I was paired with the hon. member for Long Lake (Mr. Cowan). Had I voted I would have voted for the amendment.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted I would have voted against the amendment.

Mr. BENNETT: I was paired with the right hon. leader of the opposition (Mr. Mackenzie King). Had I voted I would have voted against the amendment.

Mr. RYCKMAN: I was paired with the senior member for Ottawa (Mr. Chevrier). Had I voted I would have voted against the amendment.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted I would have voted against the amendment.

Mr. BAKER: I was paired with the hon. member for Prescott (Mr. Bertrand). Had I voted I would have voted against the amendment.

Mr. BUTCHER: I was paired with the hon. member for Portage la Prairie (Mr. Burns). Had I voted I would have voted for the amendment.

Mr. GUTHRIE: I was paired with the hon. member for Quebec East (Mr. Lapointe). Had I voted I would have voted against the amendment.

Mr. MacLAREN: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted I would have voted against the amendment.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would have voted against the amendment.

Mr. SAUVE: I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted I would have voted against the amendment.

RELATIONS WITH THE UNITED STATES

Mr. C. B. HOWARD (Sherbrooke): Mr. Speaker, before the main motion is put may I be permitted to make this statement. Some three years ago the government of the United States imposed a duty against our cream and milk. It was one of the main causes of the serious depression in the dairy industry in the eastern townships of Quebec. This week the American government has imposed a duty against our copper and lumber. If there is one industry in Canada whose prosperity would help substantially to settle our unemployment situation it is the lumber industry, and I wish to stress the adverse effect of this duty on this industry. Another outstanding circumstance that to my mind affects Canada very seriously is the taking of the water from the St. Lawrence and diverting it into the Mississippi river; that is, the Chicago diversion. This 8,500 cubic second feet is being taken through the Chicago drainage canal in spite of adverse judgments rendered even in Washington. In view of these circumstances, and in view of the remarks of the Prime Minister this morning in connection with the treaty that is soon to be signed for the deepening of the St. Lawrence river, I would humbly request that before the treaty is signed or we have any further dealings with the United States government, he will see to it that these four matters are settled favourably to Canada.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think it appropriate to say that the proposed legislation to which the hon. member for Sherbrooke (Mr. Howard) has referred has not yet been passed; and further, as to whether it will or will not pass is highly problematical.

Mr. HOWARD: You mean as to lumber?

Mr. BENNETT: And copper.

Mr. HOWARD: The other two are also important.

Mr. BENNETT: As to milk products, the duty was imposed some years ago and the language the hon. gentleman has now used would have been most appropriate on that occasion. As to his last observation, I can only say that the interests of this country will be adequately safeguarded with respect to the alleged diversion of water into the Mississippi river. I am bound to say that the hon. gentleman's statements are hardly in accord with the facts.

Main motion agreed to and the house went into committee of supply, Mr. Ross in the chair.

SUPPLY

DEPARTMENT OF AGRICULTURE

Health of animals, administration of the Animal Contagious Diseases Act, and the Meat and Canned Foods Act, $1,654,000.

Mr. MOTHERWELL: I wonder if the minister would be good enough to move down a little further. We would like to hear his voice.

Some hon. MEMBERS: Carried.

The CHAIRMAN (Mr. Ross): Carried?

Mr. MOTHERWELL: I do not believe this is a proper way to consider estimates, to jump from one to another. You would require the alacrity of a cricket to keep up this speed.

The CHAIRMAN (Mr. Ross): Carried?

Mr. MOTHERWELL: Surely we can get through these estimates by conducting them properly; we need not make a horse race out of it.

Mr. RHODES: I think my hon. friend in under a misapprehension. We have called the first item of those which remain unpassed, and it is proposed to take them in order.

Mr. MOTHERWELL: I remember what happened last year at the close of the session; I know exactly how the estimates went through the last day, and I suspect the same unseemly thing now—rip through any old way.

Mr. SEGUIN (Translation): Mr. Chairman, I cannot allow this item to pass without registering a strong protest against its reduc-

tion and, on the whole, against the government's policy of cutting, this year, the appropriations of Agriculture by one-third.

It is truly deplorable that this government, while endeavouring to cut down expenditure, thought fit of making agriculture bear a greater proportion of this reduction than the other departments. One cannot too strongly protest against the government's policy of simply reducing by 10 or 12 per cent the appropriations of National Defence and other departments, which I may designate of a lower order, while those of Agriculture are cut down 33⅓ per cent.

Far be it from my thought of placing too much blame on the Minister of Agriculture (Mr. Weir), who I am aware is animated by the very best intentions. I am rather inclined to pity him owing to the shabby way he was treated by the cabinet when the estimates for the current year were prepared. I wonder whether the hon. Minister of Agriculture was supported as he should have been by some of his colleagues who show so much sympathy for the farming class, at election time. Of what help, for instance, was the hon. Postmaster General (Mr. Sauvé), he who, during the election, proclaimed himself the champion of the farming community. Bewailing the sad situation of agriculture, he stated that should his party assume power, prosperity would reappear in all farm homes. And the hon. Minister of Marine (Mr. Duranleau), who made such a fuss over the consequences of the New Zealand treaty on Canadian dairy products; he also, I think, let slip an excellent opportunity of proving his sincerity by not forcing the cabinet to make a more generous grant to the industry which is the foundation of national prosperity.

The government had recourse to a blank signature in order to provide for the requirements of agriculture and the maintenance of order and peace in Canada; instead of indulging in fine speeches and including agriculture in that blank signature, it would have been preferable to grant the Department of Agriculture the whole amount required for the current year.

The funds placed at the disposal of the government to help the farmers, pursuant to the famous blank signature act, judging from last year's experience, was not distributed to the Quebec farmers, and the millions of dollars expended under this item rather went to the western farmers. I challenge the hon. Minister of Marine and Post Office to deny this fact.

I feel in no way jealous of what has been done for the west which, I have no doubt, was greatly in need of help, however, I must point out the injustice of not assisting the eastern farmers who also greatly feel the pinch of the crisis we are undergoing.

May I, sir, specially draw the attention of the Minister of Agriculture on the altogether embarrassed position in which a certain number of farmers of the county of l'Assomption are placed. Owing to the proximity of the city of Montreal, the farmers of a number of parishes in my county sell their milk and cream in Montreal; they have always derived the greater part of their revenue from that source and, notwithstanding the low prices obtained, this industry permitted them, at least, to meet the daily needs. Certain regulations adopted last year by the Municipal Council of Montreal, oblige the dairies who wish to trade with that city to establish that their cattle have passed the tuberculine test.

At a time when distress prevails not only among the workmen of towns, but also among the farmers of this country, the government is not justified in not having recourse to all the means at its disposal to relieve the so deserving farmers who certainly form the basis of our national prosperity. In December, 1930, pursuant to an order in council, No. P.C. 2879, the government set aside as a restricted area for the eradication of bovine tuberculosis, the county of l'Assomption. However, since December, 1930, the tuberculine test on cattle has not been carried out and only special private tests have been undertaken. In December, 1931, a delegation numbering about forty farmers came to Ottawa to interview the hon. Minister of Agriculture, so as to request him to have the provisions of the order in council carried out, without further delay. The reply of the Minister of Agriculture was that he could not have this work undertaken immediately, but that as soon as the 1932 estimates were approved, these tests would be proceeded with.

Since that date, I have more than once written at the request of those interested, to the hon. Minister of Agriculture, and I have here the answers to my correspondence. First, on April 6, he expressed his regrets of having to inform me of the decision of the department, to simply complete, this year, the second tuberculine test of cattle which, had passed the first test—except under special circumstances.

As, in a previous letter, I reminded the hon. Minister of Agriculture that he had promised the delegation to carry out as soon as possible the tuberculine test of cattle, he replied that he could not implement his

promise until the Director General of Veterinary Service, had informed him of the amounts which would be at their disposal, in 1932, for the tuberculine test of cattle. In another letter, dated April 7, the hon. Minister of Agriculture informed me of his decision not to proceed to new tests, either under the regulations governing certified herds or under those with reference to restricted areas for the eradication of bovine tuberculosis, except under special circumstances, and the Minister further added, even in such cases, the farmers should accept the tuberculine test of their cattle without requesting compensation from the government.

Not only, sir, do I think I am justified, but I deem it a paramount duty, in connection with the vote asked under item 47 Health of Animals, administration of the Animal Contagious Diseases Act, $1,654,000, namely a reduction of $896,000, on the previous year—also with reference to item 49, Administration of Destructive Insects and Pests Act—a cut of half the previous amount—I deem it, I state, a paramount duty to protest, on behalf of the farmers I represent here, against this unjustified decrease, and especially in connection with the item which particularly affects the farmers. Although the government through bonuses and other gifts of all kinds gives to the farmers of the western provinces the greatest advantages possible, it does not seem to realize that the eastern farmers, just like those of the west, have a right to protection and relief from this government.

The Quebec farmers are suffering from the present crisis, just as much as those from the west, and the ridiculously low prices they obtain for their products are hardly sufficient to enable them to subsist with their family. If those who, especially, have depended heretofore on the products of their cattle as their main source of revenue, are to be deprived of the tuberculine test granted to them pursuant to the order in council just referred to, they will find themselves in a very critical situation. That is why, seeing that the hon. Minister of Agriculture—whose kindness I acknowledge—mentioned in his letters that, except under special circumstances, the promises made to cattle owners would not be implemented, I again address myself with confidence to him and I insist that he should reconsider the sad plight of those who surely are to be looked upon as under exceptional circumstances; and if he is unable, owing to the cut in his estimates, to carry out a general tuberculine test of cattle in the county of L'Assomption, let him at least, without further delay, undertake the test of the cattle of farmers who sell milk and cream in Montreal, and from which markets, at present, they are debarred. Needless to say that, when requesting the hon. Minister of Agriculture to carry on such tests, I mean that they should be done according to the provisions which govern restricted areas, such as my county, and that the indemnity granted by the Act be paid to farmers whose cattle react, even if the payment of the indemnity be deferred. In connection with the delegation to which I referred a moment ago, my opponent, in the last election, who came to Ottawa with it, having noticed that I had also joined the delegation, immediately took every possible step to prevent the delegation being received by the Minister of Agriculture. He went from the Postmaster General's office to that of the Minister of Marine, to induce them to use their influence with their colleague in order that the delegation be not received or, at least, that the results be nil.

Notwithstanding his trips right and left, which hindered this defeated candidate of being of any help to these farmers and many of his friends who formed part of the delegation, I must say, greatly to the credit of the hon. Minister of Agriculture, that the delegates and myself received a most cordial welcome, and that we all left with gratitude in our hearts and filled with the hope, that the minister's promise would be implemented.

Having returned to their homes, the delegates learned that Mr. Jeannotte, repeated everywhere that the delegation having been taken in hand by the Liberal member for L'Assomption-Montcalm, notwithstanding the promise given by the minister, no results would follow, and that the tuberculine test requested would not be proceeded with. I take this opportunity, sir, to denounce this undignified attitude of my opponent and to repeat to the hon. Minister of Agriculture that I have too high an opinion of him to believe that he would lend himself to such intrigues.

I therefore, pray the hon. Minister of Agriculture to dissociate himself from such idle talk originating with the defeated candidate in L'Assomption, and to do the right thing by the farmers and milk producers of the county of L'Assomption, and especially, to assist, without delay, the milk and cream producers, heretofore, doing business in Montreal, and who, since May 1, are deprived of their only livelihood. The question is too serious and momentous not to depend on the broadmindedness of the hon. Minister of

Agriculture to definitely settle this question of tuberculine test which is most important to those interested.

In conclusion, I desire to make a pressing appeal to the minister. The producers of milk and cream in my constituency find themselves in a painful and even disastrous position in shipping their products to Montreal because of the action taken by the municipal authorities as a health precaution. These men will be unable to continue their trade unless their animals are tested. I request the hon. minister to come to the relief of these people by authorizing without delay the testing of their herds. I should like the minister to give orders for the payment of the indemnity which the law allows should the county of L'Assomption be put in a special zone. Does the minister intend to assist the milk producers of L'Assomption by giving them the help they need so badly?

Mr. WEIR (Melfort): There is a strong possibility that we may carry on some work in the county of L'Assomption, and immediate consideration will be given to those who ship milk to the city.

Mr. RHEAUME: Can the minister tell me when he is going to retest the herds in St. Johns-Iberville? These herds were tested two years ago. The herds in Missisquoi county were retested last year and they were first tested after the herds in Iberville had been tested.

Mr. WEIR (Melfort): The first work to be done will be that of retesting herds.

Mr. CASGRAIN: Mr. Chairman, I would like to say a few words along the same line as the hon. member for L'Assomption (Mr. Séguin). I deprecate also the reduction in this vote covering the administration of the Animal Contagious Diseases Act and the Meat and Canned Foods Act, and more so when I am told that the testing of animals for tuberculosis comes under this vote. I was made aware some time ago that representations had been made by people in the county of Charlevoix-Saguenay asking for the establishment of a zone in that district, and in December I communicated with the minister and asked for the establishment of this zone. The answer I received was that this work was not being proceeded with because of the scarcity of money. I have received a communication from a representative of the provincial government who is interested in this county, in which he deprecates the fact that this work was not gone on with last year. Is the minister able to assure me that this work will be proceeded with this year and that the zone promised will be established?

Mr. WEIR (Melfort): The retesting of herds will take up the entire time of the staff, and no new areas will be opened up until these retests have been completed.

Mr. LUCAS: A number of years ago a system of grading of dressed beef was established in the abattoirs. I think it was a voluntary system, with what were known as red and blue labels, which gave the consumer some idea of the quality of the beef he was receiving. Can the minister say whether or not any success has been achieved along this line?

Mr. WEIR (Melfort): That would come under live stock, and there has been no curtailment of the work in that branch.

Mr. MOTHERWELL: Can the minister give the committee some idea of why such a large reduction has been made in this important vote? Will it result in any of the veterinary staff being demobilized? Will it result in no new work being undertaken in regard to restricted areas? Will it mean the attention of the department will be confined to retesting herds in the various districts, for instance, Nova Scotia? That province is an excellent place to test out the restricted area policy because it is practically an island, almost as much an island as is Prince Edward Island; with its natural water boundaries it provides the least possibility of recontagion. That province has not been retested, if I remember rightly, for three years or possibly more. I know there was a reason for that and I can excuse my hon. friend for keeping away from that area as long as there is any considerable remnant of the 1928 row still existant. But now I think the good sense of the stock owners of that province has prevailed. There were only three or four persons who made the row; ninety-five per cent of the stock men were quite satisfied with the free area policy. This only indicates what a tremendous racket a few men can make. I do not think the province as a whole should be penalized because of the recalcitrancy of four or five men whose good sense, I am sure, must have returned by this time. My hon. friend will forgive me if I cannot hear him at this distance, but I shall read Hansard for his reply to me.

As regards the area adjacent to this capital city, a few days ago everybody took great delight and pleasure in having an area here that could be looked upon as free from tuberculosis in dairy herds. When the dairy

herds are clean, it is not long until the hog herds are clean, and when the hogs are clean, it is only a matter of time until you have the poultry clean of T.B. Therefore it will be nice to have a city not only beautiful to look upon, but healthy to live in, free from possible infection of this nature. As long as there is a number of untested localities in the triangle formed by the St. Lawrence and the Ottawa rivers and the Rideau canal, consisting of some eight or ten constituencies, there is a tremendous danger of reinfection in the herds that have been cleaned up of bovine tuberculosis. It is to avoid such reinfection that restricted areas have been established, especially this one south of Ottawa with its splendid natural boundaries. If my hon. friend the Minister of Agriculture can see his way, say this fall, to test these odd untested spots that are left as festering sores which facilitate recontagion among the clean herds, I shall be glad as one responsible for the establishment of this area in 1930. I am not blaming him in any way, knowing what difficulties he has to encounter, but I can assure him that unless he takes a firm stand, there will always be in that area some objectors who do not want to have their herds tested. If there is any difficulty in connection with the matter, I may say we had difficulty in Nova Scotia, where two or three stock owners actually resorted to force to stop the government veterinaries doing their duty. We avoided the necessity of force by exercising diplomatic treatment in the case of those cantankerous men who had their herds so badly infected that they did not want them tested. The same situation may arise here adjacent to Ottawa and I can assure my hon. friend he will receive plenty of support in the country and in the house even if he has to tramp on somebody's toes in order to get those festering spots of possible recontagion in bovine tuberculosis cleaned up.

Mr. WEIR (Melfort): It is not contemplated to reduce the staff in any way. The work of retesting will, it is felt, take the time of the whole staff. The first retest that will be commenced will be in Nova Scotia. Regarding the area around Ottawa, the great percentage of that work has already been done and we are gradually cleaning up the small areas referred to by the hon. member.

Item agreed to.

Administration of Destructive Insect and Pest Act, $328,300.

Mr. GARDINER: Has the minister any further word in regard to the grasshopper and cut-worm plagues in the west?

Mr. WEIR (Melfort): There is no further information.

Item agreed to.

Farm economies, including agricultural co-operative marketing, $8,600.

Mr. MOTHERWELL: Does the minister think it is quite fair to this new branch to reduce its vote so severely at this time? I know there is an item of $1,000 in the supplementary estimates for it, but that is not very much when you consider that cadet training is going to get $260,000 more. If one considers the relative importance of the two supplementaries, $1,000 looks very small as an addition to the main vote for this important purpose. I know no change will be made now, but I should like the minister next year to try to get the appropriation back to where it was, plus a little more. The subject of farm economics and the cost of production is very important at this time; we have the nucleus of a great farm economics branch there and it cannot operate on wind or hope or faith. It must have money and moral support. I believe it is getting the latter from the minister. I know he can administer only what the Minister of Finance and his other colleagues give him. May I appeal again to the Minister of Finance?—formerly I have not appealed to him in vain. He has responded rather slimly in this vote, it must be admitted, but he has responded. This is a very important branch of agriculture at this time and the ministry should surely appreciate that.

Item agreed to.

Contributions to Empire Bureaux, $21,000.

Mr. GARDINER: Will the minister explain what this empire bureau is?

Mr. WEIR (Melfort): It is a bureau combining agricultural information and research work in agriculture, so that whatever research is done or information obtained along the lines of research or values in connection with agriculture, it is gathered there and disseminated throughout the various dominions of the British Empire.

Mr. MOTHERWELL: Are most of the other countries that have entered into this agreement with us, as we have with them, pretty well living up to their financial obligations with respect thereto?

Mr. WEIR (Melfort): So far as we know, yes.

Mr. HEENAN: I see the Minister of Finance is in his seat. Perhaps what I am going

to speak of refers more to his department than to that of agriculture. I see this is a contribution to empire bureaux. I was wondering why the government has eliminated from the estimates the grants for health in Canada. For instance, the Canadian Social Hygiene Council used to have a grant of $20,000, which is entirely eliminated from the estimates, and another grant which has been eliminated is one of $100,000 to the provinces to help in the fight against venereal disease. We have just been talking about the health of animals. While that is all right, we ought to be just as much interested in the health of the citizens of Canada. I understand the Prime Minister has said that this is a provincial matter. If that is correct it is another direct turn-about-face on the part of the government, because, speaking in this house on March 3, 1930, to a resolution with respect to extending our activities in the matter of health, the present Prime Minister had this to say:

> There is, however, a field in which the province may not, it seems to me, properly function, and that is the creation of national wealth by ensuring the health of the Canadian people. Some one has said, "A nation's health is a nation's wealth." We as a parliament are concerned in the health of the Canadian people as a whole. To the extent to which men are able to labour, free from disease, we have added to the national wealth; to the extent which citizens by studying preventive medicine obtain knowledge, from clinics and other methods, for which the nation might well pay, we have added to the national wealth of Canada.

At the conclusion of his remarks the present Prime Minister said:

> Let us approach this problem not as a problem of jurisdiction, not as a problem as to whether or not under the British North America Act, it is a matter of provincial responsibility; let us look upon it as a national problem. This parliament has the power to appropriate any part of the national revenue for any purpose for the interest of Canada as a whole. Make the appropriation not for provincial purposes, but to the provinces to carry forward a great national undertaking—the ensuring of the health and thereby the happiness and prosperity of the Canadian people.

I was wondering in view of those remarks by the Prime Minister if the Finance minister could not give us some assurance that the government will assist in carrying on this work of maintaining the health of the Canadian people by restoring the grants of $20,000 to these societies.

The CHAIRMAN: I want to call attention to the fact that we are on item No. 55.

Mr. HEENAN: My understanding was that we could ask any questions on this item.

[Mr. Heenan.]

The CHAIRMAN: Within the department.

Mr. HEENAN: The government promised to retain one item in each department, but it is quite evident that they did not retain one for this department.

Mr. RHODES: The understanding has not been violated at all, because one item was retained in each department; but finally we arrive at a point where it is necessary to pass the items if we are ever to close the session of parliament. If my hon. friend were logical in his contention we would never conclude the business of the session, because we would always have one item remaining in each department. If the committee does not object, I certainly take no exception to my hon. friend asking a question at this stage. There is no question that the cause for which my hon. friend speaks is an extremely worthy one. At the same time it is a provincial matter, but I do not think that that point would be stressed if we were in funds. As a matter of fact, we are driven to the necessity of reducing our estimates to the lowest possible point and a number of very worthy items have had to be eliminated and others materially reduced. That is the only answer I can make at the moment. If we come to better times the answer might be different.

Mr. SPENCER: I should like to take the opportunity of supporting the hon. member for Kenora-Rainy River in the contentions he has made. The Minister of National Health is not in his seat, and my remarks are largely for the benefit of the Minister of Finance as he is the one who probably has more to do with cutting out this grant than anyone else. There have been two grants cut out this year, the one which the hon. member for Kenora-Rainy River mentioned for the Canadian Social Hygiene Council, and the other a grant of $100,000 which from 1920 up to this year has been given to the provincial government to help fight venereal diseases. The cutting out of these grants will be a tremendous hardship to the provinces. I believe that the house generally is behind these grants. Petitions were signed largely in this house and I believe sent to the Minister of Finance, but unfortunately we have not heard what became of them. The excuse is being made that as this is a health matter it is one for the provinces to deal with. I cannot hold with that in the slightest degree. Disease cannot be confined to one province. It is certainly interprovincial. The burden on the provinces is increasing tremendously, and now they have this extra burden thrown on their hands, and less money to spend. I notice that this year

we are spending $360,000 for cadet training, yet we have to cut out a vote of $100,000 to help fight venereal disease. Instead of making a speech, as I intended to do, I will put on record a short editorial, from Toronto Saturday Night, printed in its issue of May 7, 1932. It is headed Penny Wise, Pound Foolish, and reads:

It is to be feared that the federal government is pursuing a penny wise pound foolish policy with regard to expenditures in connection with public health. In its endeavours to effect small economies it is endangering the work for preventive medicine in this country, which every physician who is not an antediluvian shellback knows is the most profitable expenditure any country could make. Last year the annual grant of $20,000 for educational work by the Canadian Social Hygiene Council was dropped from the estimates and has not been reinstated this year. In addition it appears that the grants to provinces for administrative work in preventive medicine have vanished.

These grants were established in 1919 when the whole country was alarmed by the increase of venereal disease as a consequence of the war. The economic benefits of the work then instituted by the social hygiene council are demonstrated by two citations which can be paralleled all over Canada. In 1918, 12·8 per cent of all patients in Toronto General Hospital gave a positive Wasserman reaction showing the presence of syphilis. In 1929 this had decreased to 3·7 per cent. In the Toronto hospital for sick children, an incidence of five per cent, has been reduced to one per cent. So remarkable have been the beneficial results of a program originally confined to venereal disease that it has been enlarged to include toxoid immunization against diphtheria, pasteurization of milk (in centres still backward in that field), periodic health examination, mothercraft,—all calculated to save Canada millions of dollars in the future. Preventive medicine reverses the favourite and traditional policy of governments everywhere, that of locking the stable door after the horse is stolen. Conditions such as we are now suffering always increase the public danger from communicable disease. It will be a national calamity if the government permits the machinery created by the social hygiene council to fall to pieces for lack of support.

I put that on record to show what public opinion in Canada is with regard to this question. I think it is very short-sighted on the part of any government to be penny wise and pound foolish in spending money on the care of public health.

Item agreed to.

Grant to executive committee of the World's Grain Congress, $150,000.

Mr. GARDINER: Would the minister please explain the vote? Has there been any report from that congress?

Mr. WEIR (Melfort): The sum of $150,000 was the amount decided upon by the executive of the World's Grain Congress as being the amount necessary to complete the world's grain exhibition.

Mr. GARDINER: Does this refer to the grain exhibition at Regina?

Mr. MERCIER (St. Henri): Yes.

Mr. GARDINER: What is being done this year? Is the exhibition to be held?

Mr. WEIR (Melfort): Next year.

Mr. GARDINER: In view of the fact that the grain exhibition will not be held this year, why the necessity for the vote?

Mr. WEIR (Melfort): This is a vote to carry on until the time of the exhibition next year.

Item agreed to.

PUBLIC WORKS

Harbours and Rivers

Under contract—
St. John—channel improvements, $350,000.
Toronto—harbours improvements, $168,000.
Upper St. Lawrence river—channel improvements, $45,000.
Burlington channel—improvements, $50,000.
Not under contract—
Fort William and Port Arthur harbours, $21,000.—Total, $634,000.

Mr. REID: I should like to draw the attention of the Minister of Public Works to a condition existing on the Fraser river. As the condition is very serious I feel that I must take up the time of the committee, so that the minister may have the facts before him.

The port of New Westminster has been gradually developing. Last year 297 large ocean going vessels, with a net registered tonnage of almost 1,000,000 tons left the port. From that port there is shipped a considerable volume of exported goods, the lumber alone being to the extent of about 188,000,000 board feet. There was also shipped 105,039 tons of bar metal, lead and zinc, and 63,125 boxes of apples. Hon. members may be interested to know that 120,564 cases of liquor, and 23,425 cases of canned salmon left the port. The business of the port has grown considerably, and in the past ten years there has been an increase from 55 to 297 ocean going vessels.

When the estimates were under consideration last year I drew the attention of the minister to the necessity of keeping the river dredged. He said that owing to economy the dredging activities had been curtailed. Last year dredging was discontinued in the river, but as a result of my appeal to the minister by telegram it was resumed. I should

like to draw his attention to the fact that I intimated last year there would be no economy in discontinuing dredging operations. At the widest point in the river the silt is still deposited, and if dredging operations are not continued at this time they will have to be, ultimately. I made that statement last year, and I must report to him now that the river has become silted, due to the dredge not having been kept constantly at work there.

During the last year the S.S. Gracia, the S.S. Moravia and the S.S. Danisterdyke were in the port of New Westminster and could not take their cargoes aboard because of the depth of water in the river at the lower end near buoy No. 26; consequently they had to make two calls at Vancouver, which necessitated doubling the expenses on the ships. I might explain to the minister that buoy No. 26 is opposite the south Steveston jetty which has just been completed, and in my opinion that jetty has been built in the wrong place. The jetty was built with a view to keeping the river clear, but at the point of location the river is about 5,000 feet wide. That means that with slack water the river is so wide that the silt is deposited. The engineer tells me it was expected the river would become narrower in time. Wherever the jetties have been built and the river narrowed it has kept clear of silt. At this point, however, it is too wide, and many years may elapse before it will become narrow enough to keep itself clear. It is too wide at this point, and we cannot look for any effect from the jetty until the river at the point where it is erected becomes as narrow as other parts of the river.

The boats to which I have referred had to make two calls at Vancouver, necessitating doubling expenses on the ships. Four hundred and twenty tons of flour could not be loaded at New Westminster and had to be transferred to Vancouver. On the week beginning May 9 the Tyndareaus, of the Blue Funnel line, which was to make her first call at the port of New Westminster, could not do so on account of the depth of water in the river, although she required only twenty-eight feet of water to get out with her load. This ship was to take 450,000 feet of cottonwood logs and two and a half million feet of lumber; also 250 tons of lead. On account of the silting up in the river the logs had to be transferred by scow to Vancouver at a cost to the ship of $450. Consequently the lumber order has been lost to the lumber mill. This is a serious matter for the port, and it also means a loss of labour to the citizens. In fact some of the mills have cut down the number of men and hours because of their inability to fulfil orders.

On May 12 the ss. Vernon City, drawing twenty-two feet three inches of water, had to spend an extra $400 on overtime to finish loading, in an effort to catch the high tide at 2.30 in the morning. May I point out that in the summer time the tide is in the early morning or during the night; in the winter time the reverse is the case; the high tide is during the day, consequently ships leaving port have to go out early in the morning. Moreover, at this point where the river is silting the river bottom is five feet higher than at the sand heads. Consequently when we have high tide, although the water may be a certain depth at the mouth, it is five feet less at the silted point. The owners intended to take out the Vernon City in the morning, as it would be clear moonlight and they thought navigation in the river would be safe. They believed the moonlight would give them light enough to see any driftwood which might interfere with the propellers. About two o'clock in the morning a heavy fog came up and sailing was impossible. For that reason they were tied up for another day, involving a further loss of between $300 and $400.

I shall now give the names of some vessels, with a description of their loads, which because of the shallow draft will not call at the port of New Westminster. First there is the ss. Stensky, which was to load 10,000 cases of liquor and 200,000 feet of lumber; secondly, the ss. Neptunian, which was to load 500,000 feet of lumber, and thirdly, the ss. Bronloy, which was to load lumber and lead. These cancellations involve a loss to the port in longshoremen's wages, and a loss in revenue to the Pacific terminal and to the lumber mills. The bookings on these ships had been made and the cargoes arranged, but owing to the condition of the river, cancellations had to be made. This condition is very detrimental to the rapidly growing port of New Westminster, which is situated on a river in which the Dominion government have spent large sums of money. This is a very serious condition indeed, and remedial steps should be taken immediately to remedy it.

On May 13, the Canadian Western Lumber Company announced that they would be compelled to work only six hours a day and four days a week, on account of the cancellation of these orders. The river is in a condition worse than it has been for some years, a condition due in great measure to the government taking off dredge No. 303. I should

like to point out that the other dredge, the King Edward, is working only part time, and that although the expenditure on that dredge may continue from month to month, owing to rough weather its operations would not be continuous. If the dredges had been kept continuously at work the shallow places would have been taken care of, and shipping would have continued. The two per cent per ton charge on shipping which was passed by order in council is also very detrimental to the port, and had the effect of causing vessels to use Vancouver port instead of New Westminster. This to my mind is discrimination, and the charge should be suspended until such time as conditions on the river are safe and the river deep enough for all ocean traffic whether by day or by night.

I have received a letter from Messrs. Balfour, Guthrie & Company (Canada), Limited. I think a similar communication has also been sent to the Minister of Marine and to the Minister of Public Works. These people make very serious complaint with respect to conditions on the river. One of their ships had to make two voyages from Vancouver to New Westminster. They say:

> SS. Gracia, which arrived last week, faced the same problem, and in this connection we are having to pay diversion charges on 400 tons flour booked for loading at New Westminster in this vessel, as it was found that with this cargo on board and her draught having to be limited to 22 feet 6 inches, it would be impossible to navigate the Fraser river in safety.
>
> In addition to the question of draught, there is also that of the inadequate aids to navigation on the river which, in foggy weather, is often responsible for most serious and lengthy delays to vessels, even though the conditions during the course of the fog may at times permit sufficient visibility to enable a vessel to navigate the river if the channel were reasonably well provided with buoys or other suitable aids to navigation.

I will not read further because I know the committee is anxious to rise. But this is a very serious matter. Probably more silt will be deposited this year than usual due to the very heavy spring freshet. The river channel is so wide, from 4,800 to 5,000 feet, that in slack tide silt is deposited; consequently a dredge will have to be kept there all the time to maintain a clear channel. After all the expenditure made on the river it will be a lamentable condition for the port of New Westminster if traffic is to be diverted to other ports, and already several vessels have ceased calling at New Westminster in favour of the port of Vancouver. I should like to have an assurance from the minister that this very serious condition will be attended to.

Hon. H. A. STEWART (Minister of Public Works): The hon. gentleman, Mr. Chairman, told me that he proposed to discuss conditions in the Fraser river, and therefore I had an opportunity of reviewing the file and looking up the facts. I can assure him that the officials of the department are fully aware of the importance of the matter. It has been very carefully studied by the engineers and in the last few years large expenditures have been made. These are being continued, necessarily so, until the plan which was devised for the improvement of the river is completed. This plan necessitates the construction of jetties, as my hon. friend says, for the purpose of narrowing the river and controlling the flow in order to help it clear itself of the silt. These jetties are being constructed. It is hoped that when they are completed the amount of dredging which would otherwise be required will be very much decreased. I think my hon. friend agrees with that. The dredge Fruehling is being sent to endeavour to relieve the condition of which my hon. friend complains. I can only say that we fully appreciate the importance of the port of New Westminster, but the conditions are very difficult; the river carries enormous quantities of silt and, as my hon. friend says, dredging would be required almost continuously to keep the river open. The funds at our disposal have not permitted that expenditure. However, I am hoping that this year we shall be able in very large measure to relieve the condition of which he complains. We will do our best with the funds available. I will call the attention of the engineer to my hon. friend's statement and urge him to do the best he can to afford this very much needed relief.

Mr. CASGRAIN: Has an arrangement been finally arrived at by the department with Price Brothers with reference to the wharf at Baie Ste. Catherines which was to have been improved?

Mr. STEWART (Leeds): No. At one time the proposition was to turn over the wharf, which is a very large one, to the dominion for a considerable sum of money. Later on an amended proposition was made for its transfer for a nominal consideration of one dollar, but the transfer would involve very heavy expenditures to make the wharf at all suitable for traffic. My hon. friend has urged the claims of this particular point for the construction of a wharf, but it would involve the expenditure of between $100,000 and $120,000, and no funds are available for the purpose. However, we are studying the location to see if some temporary relief cannot be granted.

Representations have been made in the past week, and the engineer is pursuing it along that line.

Mr. CASGRAIN: Is the department still considering improving the wharf at Shelter bay on the north shore of the St. Lawrence, or has a decision been reached?

Mr. STEWART (Leeds): I have not the information here with regard to that particular proposition. There is nothing in the estimates for it this year. It has been urged for some considerable time. Again it involves a large expenditure on a new undertaking, and as my hon. friend knows, as these expenditures are made from revenue, and the revenues have been falling, the policy of the department has been not to undertake a new work except where the circumstances render it absolutely necessary. Shelter bay will not be lost sight of, and probably some day we shall be able to take care of it.

Item agreed to.

IMMIGRATION AND COLONIZATION

Soldier and General Land Settlement—amount required for soldier land settlement advances, for advances under the British family schemes recoverable from the British government, for the cost of administration of soldier settlement and general land settlement and for the cost of administration of soldier settlement staff performing investigations for the war veterans' allowance committee, $1,500,000.

Mr. SPEAKMAN: I should like to have from the minister an explanation of the lease rental system on a third share crop basis which is being put into force, not generally but in individual cases in western Canada. I have discussed this with the minister and received reasonable satisfaction, but for the sake of those in the country who are interested I would ask the minister to give an explanation of the system.

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): The soldier settlement board has endeavoured to conform to the law of the provinces and to their practice with respect to taking a third or a quarter or some other portion of the crop to apply against indebtedness. I believe Alberta has introduced and passed legislation that decreases the amount of the percentage of the crop which they will take from the settler-farmer from one-third to one-quarter, but only in areas to be prescribed by the province. So far as soldier settlement is concerned, I think it desirable that we pursue a course in conformity with the policy of the province. I think it would be unfair to have a certain class of settlers follow a course that is different from the course pursued by their neighbours, but so far as I know the province of Alberta has not proclaimed any areas.

Mr. SPEAKMAN: May I ask if the policy of signing these agreements is generally in practice, or is it followed only where the settler has fallen in arrears so far as to make his future position extremely uncertain? In other words, is this a rental system that is taking the place of an agreement for sale and permitting the man to carry on as a renter instead, or is it simply an agreement by which a maximum portion of the crop will be set as that which may be taken in payment of his annual interest and principal charges?

Mr. RHODES: Mr. Chairman, this is Wednesday, and unless we have a motion we shall not be able to sit and conclude our business this evening. That motion will have to be made while Mr. Speaker is in the chair. Therefore I move that the committee rise, report progress, and ask leave to sit again this day.

Progress reported.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTING

Right Hon. R. B. BENNETT (Prime Minister): I have refrained until the last minute from making a motion, hoping against hope that we might conclude by six o'clock. As it is now clear that we will not do so I beg to move, seconded by the Minister of Finance (Mr. Rhodes) that this house be not adjourned at six o'clock this day. Then we can resume this evening at eight o'clock and the rules prevailing will be those for Tuesday. Of course this must be done by consent.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I have no objection whatever to sitting this evening, and I presume that the business can be easily concluded before eleven o'clock, but for my part I should like to have a distinct understanding that if the business is not concluded by that hour the house will then adjourn. It seems useless to sit up all hours of the night in an attempt to finish the business. I should like to make a special plea that some consideration in these circumstances should be given the Hansard staff, who I happen to know are almost at the end of their endurance, working these long hours, morning, afternoon and evening. If it is understood that we will adjourn not later than eleven o'clock, in the regular way, I am quite willing to sit this evening.

Mr. BENNETT: I think perhaps the hon. gentleman is not aware of the fact that after

passing the motion I have just made, this house cannot sit to-night beyond eleven o'clock, except by unanimous consent.

Mr. LAPOINTE: I am sure if the Hansard staff were consulted they would rather sit after eleven o'clock than come back to-morrow morning and finish the work.

Mr. WOODSWORTH: I doubt that very much. If we give consent now it should be on the distinct understanding that under no circumstances shall we sit after eleven o'clock. I for one do not care to give consent without an undertaking of that kind.

Mr. BENNETT: I think the hon. gentleman has not yet realized that we cannot sit after eleven o'clock without a motion, and since that motion would have to be made by unanimous consent his objection at that moment would preclude the possibility of the house sitting beyond eleven o'clock.

Motion agreed to.

SPECIAL WAR REVENUE ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. E. N. RHODES (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 102, to amend the Special War Revenue Act.

Mr. SPEAKER: Order. The time for the house to rise has not come, and hon. members are out of order in moving about the chamber and making a noise.

Mr. RHODES: This amendment reduces the tax payable on insurance premiums by outside mutuals from fifteen per cent to ten per cent. This reduction has been made in consequence of representations which were made after the bill passed this house, and the amendment was made in the Senate at our request.

Mr. HOWARD: Is the amendment acceptable to the government?

Mr. RHODES: Yes, under the circumstances.

Motion agreed to; amendments read the second time and concurred in.

FISHERIES ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 10, to amend the Fisheries Act.

He said: There are only two slight amendments in the phraseology; I believe there are two words added.

Motion agreed to; amendments read the second time and concurred in.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGATION OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, May 25, 1932.

Sir,—

I have the honour to inform you that the Right Hon. F. A. Anglin, acting as the deputy of the governor general, will proceed to the Senate chamber on Thursday, May 26, at 11.30 a.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,
Your obedient servant,
James F. Crowdy,
Assistant Secretary to the
Governor General.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

IMMIGRATION AND COLONIZATION

Soldier and General Land Settlement—amount required for soldier land settlement advances, for advances under the British family schemes recoverable from the British government, for the cost of administration of soldier settlement and general land settlement, and for the cost of administration of soldier settlement staff performing investigations for the war veterans allowance committee, $1,500,000.

Mr. SPEAKMAN: Could the minister advise whether the practice now in vogue in connection with settlers is to apply generally, or is it an exception being made of settlers who are hopelessly behind in their payments and are now practically on a rental basis instead of a purchasing basis?

Mr. GORDON: As these cases arise they are dealt with on their merits. The idea of the department is to assist the settler who is trying to get along, in the hope that he will stay on the land and make good.

Mr. SPEAKMAN: I have received a great many letters from empire and civilian settlers who find it impossible to make their principal and interest payments and they want to know if there is any prospect of their cases being taken into consideration and deductions made

in the price which they are being called upon to pay. A number have asked me to request the minister to give some consideration to reducing the interest rate, eliminating the interest for a certain term or cancelling arrears of interest which have accumulated during the years they have been unable to pay. I am not going to speak at any length to-night on this matter as the minister understands the situation, but I make this plea on behalf of these men.

Mr. DONNELLY: I notice part of this grant is for advances under the British family schemes to be recoverable from the British government. Some years ago an agreement was entered into between the Canadian Pacific Railway Company and the British government to bring out a certain number of settlers to settle in a colony known as the Coal Creek colony. I understand that the British government was to look after these people for a couple of years, but for the past three years they have had crop failures and at the present time are very hard up. Will any part of this grant be used to care for the people in this colony?

Mr. GORDON: The hon. member was good enough to speak to me about the situation to which he has referred, but all I can say is that I understand the agreement was between the Canadian Pacific Railway Company and the British government or some society in Great Britain, and this government was not a party thereto. I am not acquainted with the terms of the agreement, but I shall be glad to look into the matter and advise the hon. member if in any way we are a party to the agreement.

Item agreed to.

DEPARTMENT OF LABOUR

Annuities Act, $32,000.

Mr. CASGRAIN: Is an investigation being carried on in connection with the fruit basket manufacture, and if so, has it been completed?

Mr. GORDON: The investigation in connection with fruit basket and container manufacturers is still being pursued and I expect a report thereon in a short time.

Mr. CASGRAIN: In the Citizen of May 14 there appeared an article headed as follows:

Cut Production of Canned Goods
Ontario and Quebec Cooperatives Agree to Sell at Fixed Price

There would appear to be a combine in connection with these commodities and I should like to know if an investigation is to be carried on.

Mr. GORDON: Whenever the proper steps are taken in connection with price fixing, an investigation follows. I am not acquainted with the situation to which my hon. friend refers, but if the proper steps are taken, an investigation will follow.

Mr. HEENAN: Is the minister considering the appointment of additional fair wage officers? As the minister knows, in many cases these officers act in a dual capacity. They inspect the different public works being carried on to see that fair wages are being paid, and at times they act as conciliators in wage disputes. There are very few of these officers throughout the country, and in my opinion more should be appointed. I have in mind the fact that we have very few fair wage officers throughout Canada. The minister will recall that in 1930 we passed a Fair Wages and Eight Hour Day Act which, if carried out, as I am sure the government wishes it to be, would require, in my opinion, the employment of additional men in order to see that the act is complied with. I was wondering whether the minister did not have that in mind and whether he intended appointing additional men for that work.

Mr. GORDON: If it becomes apparent that more officers are necessary in order to carry on the work to which the hon. member has referred, undoubtedly that will be done.

Mr. HEENAN: I understand a conference of provincial premiers was held here recently. I was wondering whether on that occasion the government took the opportunity to discuss the question of the establishment of an unemployment insurance system for Canada.

Mr. BENNETT: They did not.

Mr. HEENAN: And whether or not they discussed the question of the eight-hour day being made general throughout Canada.

Mr. BENNETT: They did not.

Mr. HEENAN: With respect to old age pensions, can the government or the minister give the committee any idea when they contemplate the establishment of a system of old age pensions for Canada on a national basis?

Mr. GORDON: The payment of old age pensions is, of course, determined by the laws which parliament has passed. I do not know exactly what the hon. member means when he speaks of placing the system on a national basis. The legislation now in force with respect to old age pensions is well known

Mr. HEENAN: Probably I did not express myself properly. The minister knows there is on the statute books at present a law under which the federal government offers to pay fifty per cent of the old age pension cost in connection with that paid by any province that will come in on the scheme.

Mr. BENNETT: Seventy-five per cent.

Mr. HEENAN: The original legislation was fifty per cent, and five provinces came in under that scheme. The present government increased the federal contribution to seventy-five per cent. My understanding is that even under the seventy-five per cent contribution no more provinces have taken part in the scheme, and inasmuch as the federal government promised to take it over on a national basis and pay one hundred per cent, I understand New Brunswick and Nova Scotia have passed measures accepting the old age pension scheme but have not so far proclaimed their acts, waiting for this government to take it over one hundred per cent. That was what I meant when I asked whether the government could give the committee any information as to when they proposed to pay the one hundred per cent, so that all the provinces could participate.

Mr. GORDON: The question to which the hon. member refers has been the subject of debate and comment for some years. It is quite true that the former government established the law on the basis of a contribution of fifty per cent towards old age pensions, and last year the act was amended so as to provide for a seventy-five per cent contribution. How this matter appeals to the provinces is a question pretty well for them to determine. The statute is very clear and plain. The subject is a large one and will command the attention of those who have to do with matters affecting old age pensions. That is the position as it stands at present.

Mr. HEENAN: I am not now going to argue that point further. I am wondering whether the government could tell us whether they have dropped the idea of establishing a national council for the civil service of Canada. It will be recalled that a committee of this house recommended the establishment of such a council, and in conformity with that recommendation, the government of the day passed an order in council providing for a drafting committee to draft a constitution. The order in council can be found on the file. Since that time I have not heard whether the present government intends to proceed with the matter or to drop it entirely.

Mr. BENNETT: The matter stands just where it was left by the hon. gentleman. He passed his order in council and stopped. The stop still stands.

Mr. MITCHELL: Is it the intention of the government to appoint any official advisers representing labour in connection with the forthcoming Imperial economic conference? I understand the British government are going about the business of this conference in their careful and practical way by appointing four official labour advisers from names submitted to them by the British Trades Union Congress. I understand that questions, such as migration, which vitally affect labour, may be discussed at the conference, and I should like to know the attitude of the government in that regard. I understand Australia and South Africa have taken the same step.

Mr. BENNETT: In Great Britain, prior to the formation of a national government, a Labour government was in office. A number of members of that Labour government are members of the national government, and in the formation of committees regard was had to that fact. This government will call to its assistance those capable of rendering such help on every subject on which it may require to be aided. That will include labour if labour questions are being discussed, and similarly for any other questions affecting the state. Furthermore, the committees that are dealing with the economic conference were advised that the British government intends to ask representatives of labour organizations to come in the capacity of advisers, and I believe they are coming as such. If advisers are necessary, they are always available from the ranks of labour as well as from other quarters.

Mr. MITCHELL: The question was raised by a previous speaker of the payment out of the federal treasury of the full one hundred per cent of old age pension benefits. The hon. member stated that Nova Scotia and New Brunswick had not passed measures to bring their respective provinces within the sphere of this legislation. Should, however, the federal government implement the promise it made at the last election, that would hardly be necessary, because no cost would be entailed by the provincial governments.

In connection with the eight-hour day, labour has for many years petitioned the various governments requesting that they ratify the convention of the International Labour Office ratified at Washington in 1919.

At present there is a congressional committee sitting at Washington considering the practicability of the six-hour day on the railroads of the United States. We are all agreed as to the influence of mass production in industry and the problems arising therefrom, and one of the first things the government should do at the next session of parliament is to appoint a special committee to investigate the possibility of introducing the six-hour day in this country.

Mr. BENNETT: Make it four.

Mr. MITCHELL: I think the day will come when it will be four, and there are only too many in this country who would be glad indeed to work four hours a day if they had the opportunity. I appreciate the gravity of the situation, and I have known ever since I first entered a trade an apprentice boy, the problems that are involved. I have watched the development of industry and the influence of mass production on the lives of men and women engaged in industry, and in my judgment, whether we like it or not the time is not very far distant, when the parliament of this country, in the face of absolute necessity, will have not only to recognize the convention agreed to by our delegates to the international labour office convention at Washington in 1919, but by legislation to reduce further the hours of labour in industry. I make that suggestion in view of what I think is a practical and a pressing problem, and I would like the government to take it seriously into consideration during the recess. At least a study should be made of the problem with the resources which the government have for undertaking a study of that kind. Some leadership might be given to the government of the day by the recommendations of such an investigating body. At all events it would give this country some idea as to the practicability of the introduction of such legislation.

Mr. BENNETT: Mr. Chairman, the government has not any present intention of appointing a commission for that purpose, nor can I see that there is any reason in anything that has been stated here to-night or at any other time that would warrant the government in taking any such action. It has been stated so frequently in this house on the other side, and very strongly by those with whom the hon. gentleman who has just taken his seat (Mr. Mitchell) is associated, that Canada's export business is the great matter for consideration, and that the retention of our place as an export country is of primary importance to the development of this dominion. If the hon. gentleman who has just taken his seat will explain just how a country working six hours a day is to compete in the markets of the world, on the basis suggested by himself and his friends, with a country whose workmen work eight or ten or twelve hours a day, and sometimes longer in soviet Russia, he would be doing something which no one else has yet been able to do. The question is very simple: Is Canada desirous of engaging in export business or not? If so, must she meet the competition to which I have referred? If so, can she lessen her hours of labour to six and expect to pay the same wages for a six-hour day, and compete with a country whose workmen work for half that wage and toil for ten hours a day? Notwithstanding all that has been said with respect to the willingness of men to work, my observation has been that recently in Vancouver men who were employed, led on by agitators, left their work and joined in a procession of people not desiring to work any time at all, but rather desiring to be free from work and be supported by the state. There is a tendency abroad in the world to see how little work can be done, not how much, and to see how few hours can be worked, not how many. The purpose of regulating hours of labour by the state originally was that there might be hours of leisure and opportunity for self-improvement, and that men should not be mere machines nor labour a commodity, but when the end that has thus far been reached was attained it was amazing the willingness with which some people began to contend that eight hours a day was too long and that six would be a better number of hours to labour. Some put it on the ground of mass production, some on the ground that after all, eighteen hours for sleep and enjoyment was preferable to twelve hours, and doubtless they were right; but I think it will be a long time before the parliament of Canada passes a statute fixing the six-hour day.

Mr. WOODSWORTH: The Prime Minister did not state in what countries men were working eight, or ten or twelve hours a day. As the Prime Minister I think knows, in most of the European countries the number of hours of work is rather less than the hours that are worked in some of the industries in Canada. I do not know just which the countries are to which the Prime Minister referred with which we would be in competition. Further, I regret exceedingly that the Prime Minister would seek to imply that there is any large number of men who do not want to work. I am quite

aware that the present policy, which simply gives relief without requiring work and without providing work, is absolutely demoralizing. One thing that a great many of us have been urging upon the government at this session is that the policy of providing relief work in some form or another should be instituted, not merely because we believe it to be economical in the long run, although it would entail a certain amount of capital outlay, but because it is in the interests of the unemployed men themselves. The Prime Minister is inclined to scoff at the idea of a six-hour day. Under modern conditions it is not altogether unreasonable to cut down production, and that can perhaps most readily be done, as is admitted by a good many employers, by reducing the hours of labour. Figures were given in Toronto on Monday with regard to unemployment in Canada. The Minister of Trade and Commerce, of whom I asked a question, said that he thought those figures were very wide of the mark. But I must call his attention to the fact that they were given on the platform of the Canadian Political Science Association by a group of men who had been investigating this matter for some months past—Mr. H. M. Cassidy, Mr. A. G. Heakes, and Mr. G. E. Jackson, of the University of Toronto. These are capable men pursuing lines of investigation similar to those carried on in Dominion government offices, and taking their data from Dominion government reports. According to their figures, instead of a decline in unemployment there has been an increase. If their figures are anywhere near the truth they reveal a serious condition. Taking a group of eight of the largest industries—manufacturing, logging, mining, communications, transportation, construction, service and trade—they show that in March, 1932, the last month for which data is available, an average in these eight industries of 35·9 per cent of the men are unemployed. In view of the fact that over a third of the men in the main industries are unemployed, it might be well to cut down production and absorb this third in productive labour. I do not think that suggestion can be brushed aside by the assertion that a lot of men do not want to work. Without going into details, I should like to make a comparison to show where we stand so far as unemployment is concerned. These gentlemen assert that in the month of March, 1929, there were in these eight industries 262,941 unemployed. A year later, in March, 1930—and I believe that is a fair month to take—the number was 328,154. In March of this year, 1932, the number was 726,594.

Mr. BENNETT: What was it for 1931?

Mr. WOODSWORTH: The number was 513,599; I am sorry I omitted that when reading the other numbers. These figures indicate a steady increase during the last three years. Approximately the same is true of the different months of the years. I note that the census figures are taken for the month of June, and for the information of hon. members I shall give figures of unemployment for that month:

June, 1929	114,337
June, 1930	243,424
June, 1931	476,688

Mr. STEVENS: Those are figures given by the group of gentlemen to whom the hon. member has referred?

Mr. WOODSWORTH: Yes, concerning eight of the leading industries. Then, the percentages may be of interest.

Mr. CHAPLIN: Would the hon. member give us all the information on one item? Take logging, for instance.

Mr. WOODSWORTH: Shall I begin with January, 1929, and go forward to each year?

Mr. CHAPLIN: No; let us have the figures for January of each year, or for March of each year, as the hon. member pleases.

Mr. WOODSWORTH: The following are the figures in the logging industry for the month of March in four consecutive years:

March, 1929	5,676
March, 1930	4,715
March, 1931	18,983
March, 1932	22,946

Mr. CHAPLIN: Yes, those figures for the whole of Canada.

Mr. WOODSWORTH: Yes, for the whole of Canada, and I was about to give the percentages of unemployed in these eight industries during those four years. They are as follows:

	Per cent
March, 1929	13·7
March, 1930	16·8
March, 1931	25·8
March, 1932	35·9

Probably it would be well to give the estimates of the average number of workers unemployed in Canada from the years 1929 to 1931 inclusive.

Mr. BENNETT: I understand the figure 13.7 per cent represents the percentage of unemployed?

Mr. WOODSWORTH: Yes.

Mr. BENNETT: That is what the paper said.

Mr. WOODSWORTH: Yes. I shall now give the estimated average number of workers

unemployed in Canada from the years 1929 to 1931 inclusive. These are the aggregate figures concerning the eight industrial groups to which I have referred:

1929..	163,835
1930..	295,085
1931..	497,007

Then, the estimated percentages of all workers unemployed in Canada from the years 1929 to 1931 inclusive in these eight industrial groups, are as follows:

	Per cent
1929..	8·5
1930..	15·0
1931..	25·0

If desired it might be possible to place these tables on Hansard.

Mr. BENNETT: Not those tables.

Mr. WOODSWORTH: In view of these figures it does not seem unreasonable that we should ask ourselves whether or not there should be a wider distribution of work already available.

Mr. BENNETT: Mr. Chairman, I should like to say one or two words in this connection. The month of March, in the very trades mentioned by the hon. members, is in each year the month of seasonal unemployment. I have not had an opportunity to analyze the figures carefully, having seen them only recently, but if those figures are to be relied upon I am led to the following conclusion: If in March, 1929, 13·7 per cent of the logging employees were unemployed, and that percentage represents 5,676 people, and if 35·9 per cent were unemployed in March of this year, representing 22,946 people, then the number of employees has certainly kept pace with the unemployed, and there are many more people employed now than there were then. I trust the hon. member appreciates the effect of that statement, as he has just given it. He has said that in March, 1929, there were in the logging industry 5,676 unemployed, and he stated that that number constituted 13·7 per cent of those engaged in the industry. Therefore, roughly speaking, 100 per cent would be eight times the number he has given, or about 44,000 people employed in the industry in 1929. If 22,946 people were unemployed in 1932, and that number represented 35·9 per cent, it follows that over 60,000 people were employed in the industry. Therefore there was an increase of about 16,000 in the number of men who made logging their vocation or work in the year 1929; therefore the margin of unemployment was larger. It would mean that in designating their employment they indicated logging, otherwise there is something vastly out of ratio with the figures. I do not know just what they mean. I saw them roughly, but I am not going to enter into a discussion, because they will be analyzed in due course. We all know the transportation industry at the moment is greatly disorganized on account of lack of traffic, and you could get a large number of people who would say at once they were at present unemployed, although they might get two days' work a week. As I saw the report it did not indicate whether or not allowance had been made for that fact.

[Mr. Woodsworth.]

Mr. WOODSWORTH: I have not studied the figures either, having just received them. Possibly it would be of interest to the Prime Minister if I ran through the manufacturing industry for the month of June. According to this statement, in 1929 there were 6,907 unemployed; in 1930, 53,740; in 1931, 127,810.

Mr. MANION: What were the railway transportation figures for the month of March in the same years?

Mr. WOODSWORTH: For 1929, transportation, 22,994 unemployed; 1930, 29,176; 1931, 43,209; and for this year 64,099.

Mr. MANION: My recollection is that before the railway committee Sir Henry Thornton said that on the Canadian National Railways there were 20,000 fewer employees this year than in 1928. If that is so, the figure would be still lower for the Canadian Pacific. If my recollection is correct the total would be something under 40,000. Therefore the figures quoted by the hon. member for Winnipeg North Centre would seem to be about fifty per cent too high.

Mr. CHAPLIN: I would say the figures quoted for the logging industry are altogether astray; they are not worthy of any credence whatever.

Mr. MacINNIS: I believe these figures were prepared by the bureau of statistics.

Mr. STEVENS: No, no.

Mr. MacINNIS: Where are they from?

Mr. STEVENS: From a group of gentlemen—good estimable people no doubt—who discussed this question before the political science conference in Toronto. My information is that the bureau of statistics do not support the figures given here.

Mr. BENNETT: They certainly do not.

Mr. MacINNIS: I thought the member for Winnipeg North Centre was quoting from figures furnished him this afternoon by the Minister of Trade and Commerce.

Mr. WOODSWORTH: Oh, no.

Mr. MacINNIS: I rather regret the statement made by the Prime Minister in reply to the member for East Hamilton (Mr. Mitchell) in connection with the six-hour day. It is not that I expected the Prime Minister would give any assurance that we might look for any legislation on the subject, but the implication of his remarks that there are a great many people in the country who do not wish to work is in glaring contrast with his statement in 1930, when he went all over this country directing attention to the fact that there were so many unemployed, and that all they wanted was an opportunity to work. If since 1930 the unemployed have deteriorated possibly the government is more or less responsible for this lamentable condition. The right hon. gentleman also said that the general tendency to-day was not to see how many hours we could work, but how few hours. I believe that is quite true. If it is not true, I believe we might well despair of the progress of the human race. It is rather significant, I think, that we have the unemployed at the two extreme ends of society. Those at one extreme end seem to enjoy their unemployment very much. As a matter of fact they live on the best while they are unemployed. They go to the mountains in summer and to the seaside resorts of the southern states in the winter. In short, they are well looked after—by those who work and produce.

While the government at the present time state they have no intention of bringing down legislation with respect to a six-hour day, let me say that this administration are doing many things that they had no intention of doing in 1930, and they will do many things in the next few years that they have no intention of doing this year. And still they will not be able to keep ahead of the game. We are in a fast moving world, and he is a bold person who will say what he will or will not be prepared to do in the next few years. We must never forget the fact which is drawn to our attention so often, that the situation in which we find ourselves is a world situation. Let us not forget that in the industrial world at the present time, without including India, China, Russia or Japan, there is a population of 30,000,000 unemployed. Yet we are improving our machinery every day and restricting the opportunities for work. That cannot go on without some adjustment being made in industry itself. A few days ago I read a report in the press that in Ontario men had offered to go to work for five dollars a month and their board. I do not think that is any indication that the people of this country do not wish to work. If there was any reason to suppose that such was the case I think it could be disposed of very easily by pointing out that when there is work available there is no difficulty in this or in any other country in reference to unemployment. Sooner or later the hours of labour will have to be reduced. This has never been done by legislation. When under certain conditions the workers had the power to reduce their hours of labour it has been done. Possibly some day they will come to the conclusion that if they are to get what they want they will have to organize and take the necessary measures themselves.

Mr. MITCHELL: Some time ago the Minister of Labour mentioned that the government were going to send men to Jasper park and another national park in the west to work at five dollars a month. What policy has been decided upon in this regard, and how many men are likely to be employed?

Mr. GORDON: With respect to the national parks under our control, I have no recollection of stating that we were going to hire men to work in them for five dollars a month and their board and lodging. Certainly if occasions arise where men have no employment and are going to suffer hardship, if representations are made by those more intimately concerned, such as the provinces, this government will take such appropriate action as would seem necessary in the circumstances.

Mr. MITCHELL: May I ask whether the government are still determined to employ men in these parks during the coming summer? I have had a number of communications from the west, from Calgary and Edmonton in particular, asking as to the conditions surrounding work in these parks.

Mr. GORDON: Undoubtedly men will be employed in these parks during the summer.

Mr. HEENAN: The Minister of Railways gave some figures with regard to the employment of railway men. I have some figures here taken from government reports, which I should like to give the committee. In 1929 the number of persons employed on all Canadian railways was 187,846, while in 1931 the number was 154,000, a decrease of 33,846.

Mr. MANION: The other figure was just double that. These figures agree with what I just stated.

Mr. HEENAN: These are railway figures only. It might be interesting, since railway operations are a fairly good barometer indicating the trade of the country, to give the results of the operation of Canadian railways for the two years. In 1929 the railways moved 115,187,028 tons of freight, while in 1931 they moved 73,830,000 tons, a decrease of 41,357,028 tons. The number of passengers moved in 1929 was 39,070,893, while in 1931 the number was 26,400,000, a decrease of 12,670,893. Here is a point I want the government, and especially the Minister of Railways, to realize: while the railway men had to take a ten per cent reduction in wages this year, the wages paid railway men in 1931 were $62,492,500 less than 1929.

I do not know whether or not I am quoting the same figures referred to by the hon. member for Winnipeg North Centre—I think he dealt with unemployment; my figures are with respect to the number employed. I have the report of the government with regard to the month of March from 1926 to 1932, covering the 7,700 firms regularly reporting to the government. The index figures as of March 1, 1926, stood at 92·6, and the figures for the following years are as follows:

1927	97·5
1928	102·6
1929	111·4
1930	110·2
1931	100·2
1932	88·7

On a report of this kind it would be hard to figure that more persons are employed now than last year.

Mr. SPOTTON: I wonder if the hon. gentleman could give us the figure for 1492.

Mr. HEENAN: I would if the hon. member could understand it.

Mr. MITCHELL: I would like to ask the reason for the reduction of $43,000 in the appropriation for the annuities branch.

Mr. GORDON: If the hon. member would look at the supplementary estimates he would see that there is really very little reduction. I had, and still have, under review a possible reorganization of the annuities branch, but I found it impossible to carry out that reorganization during the current year.

TRADE AND COMMERCE

Mail subsidies and steamship subventions—additional amount required to provide, as authorized by the governor in council, for postal subsidies and to meet obligations under existing contracts, $82,497.50.

Mr. REID: There is a matter connected with this item to which I should like to direct the attention of the government, a matter about which I have felt very keenly for years. Perhaps I should have discussed this question when the estimates of the Minister of Trade and Commerce were under consideration, but I think it might come up here very well. In view of the fact that this government pays large subsidies to steamship companies for the carrying of mail, I think it is about time we took note of the crews employed on those ships. It is true that ships come to this country from foreign nations, and probably it would be too much to expect that Canada should interfere with them, but when we pay huge sums to Canadian companies I think we should see whom they employ. In this connection I should like to read an article which will explain the situation:

White Seamen Idle, Jobs Go To Orientals
Alleged Discrimination in B.C. Shipping
Draws Protest; 2,573 Foreigners

Aroused by widespread unemployment among white seamen while Canadian ships plying from this Canadian port have hundreds of Chinese on their payrolls, the Canadian Association of Seamen has begun a new campaign to eliminate or at least reduce the number of the orientals.

C. P. O'Donovan, secretary of the association, estimates that ocean lines, coastwise companies and tug-boat concerns operating from Vancouver employ 2,573 orientals.

And 2,000 white seafaring men, he declares, spent last winter trudging the streets of Vancouver looking for jobs.

Public bodies in Vancouver and leading members of parliament at Ottawa are being asked by the association for support.

The question has been taken up with the deputy Minister of Labour at Ottawa.

This week, Mr. Donovan said to-day, the association is appealing to Premier Bennett.

Some of the workless men were absorbed by ships recommissioned for spring service, according to Mr. O'Donovan, but the gravity of the situation as a whole he said is still shown by the records of his own association, which out of a total membership of 612 has had 410 men out of work for eight months—67 per cent unemployed, many of them married, 52 of them naval reserve men.

Despairing of getting work here, he said, 65 seamen left Vancouver this week, beating their way by freight train to the east, hoping for jobs on lake or river boats there.

These men had an average of five years' service as seamen in British Columbia.

An analysis of crew lists made by the association attributes approximately 1,995 oriental employees to one large ocean steamship line.

I am informed that this company is the Canadian Pacific steamship lines.

Another deep-sea company is credited with approximately 300 orientals of all ratings with the exception of white officers.

Altogether the analysis shows 2,573 orientals on vessels registered here and operating here, distributed as follows:

Ocean vessels	2,295
Coastwise ships	286
Tugs	82

"We don't say the companies should get rid of all these men, but we do think they should take on a percentage of white men," said Mr. O'Donovan.

"We say so of all departments, including the galley. Most of the Chinese on the coast boats and the tugs are cooks but we are prepared to supply cooks and particularly we do not see why the coast boats cannot carry three or four each.

"It is absurd to say white sailors are not dependable. The 'drunken sailor' of popular saying is just hearsay. The white seamen and firemen and oiler is a hard-working conscientious fellow in whom full confidence can be placed.

"And it isn't for our own members we are campaigning particularly. We do not care whether they belong to our association or any association so long as the men employed are white men."

For the first time in forty years the Canadian Pacific boats are being overhauled in the dry dock at Esquimalt. An editorial which appeared in one of the newspapers reads as follows:

In The Right Direction

Ever since the first white liners came out from England 40 years ago the Canadian Pacific Railway Company has given them their periodical dry docking in the orient. It was very much cheaper to employ Chinese labour on the work of refitting and reconditioning than Canadian labour.

It is still much cheaper—a considerable saving in labour costs being effected.

But the company has changed its policy in part. For their summer overhauls hereafter the Empresses will go into the big dry dock at Esquimalt instead of that at Hong Kong.

This has been made possible by wise concessions in the matter of fees on the part of the Dominion government, a bit of constructive statesmanship for which the federal administration may fairly be given reasonable credit.

But the new policy might, with advantage, be carried farther. Large numbers of orientals are employed on the Empresses. Nevertheless, this port is simply swarming with white seamen who have nothing to do. The anomaly is one that it needs but an extension of the principle already invoked to rectify. A few hundred more white seamen on Pacific liners would mean hundreds of thousands of dollars more business for Vancouver.

It may be said that the government has no right to dictate as to who shall be employed on these ships, but when $860,000 is being paid out for subsidies I think the government should at least intimate that in the interests of our own country white seamen should be given more consideration in manning these ships.

Hon. H. H. STEVENS (Minister of Trade and Commerce): It might have been more to our advantage had my hon. friend given me this information some days ago. It is well to remember that these crews largely are recruited either on the Pacific coast or in Hong Kong, the other terminal point of the service. The committee will recall that Hong Kong is a British colony and such members of the crews as are Chinese are Hong Kong citizens and British subjects. As British subjects they are entitled to employment as much as anyone else. A large proportion of these crews are white, being of Scotch and English descent. The hon. member says that the company has changed its policy with regard to the docking of its ships but it must be remembered that the government is permitting the free use of Esquimalt dockyards. Generally speaking, the overhauling of a ship is a costly proposition and this permission given by the government makes it possible to dock the ships at this end.

Mr. REID: The government is to be commended for allowing the use of that dry dock.

Item agreed to.

DEPARTMENT OF MARINE

Ocean and River Service—Radio service—further amount required, $500,000.

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Chairman, I think I should say a word or two of explanation with respect to certain statements made yesterday by the hon. member for North Waterloo (Mr. Euler). The hon. member stated that a certain station on the border—I assume he meant the radio station at Windsor—was entirely under American control and that the whole purpose of the station was to broadcast in the vicinity of one large American city. The hon. member stated that he was informed that one of the new channels which we were so glad to obtain instead of being used for Canadians was being used for the benefit of Americans. I take exception to that statement. I think the hon. member was entirely mistaken. The licence for this station was first issued to Mr. Campbell and Mr. Morgan-Dean of Windsor, the application for licence stating that a company would be incorporated and the licence would be transferred thereto. In November, 1931, that company was incorporated under the laws of Canada by the Secretary of State, and I notice that the directorate is as follows:

Malcolm G. Campbell, Sandwich, Ont.
William F. Morgan-Sean, Windsor, Ont.
William R. Woollatt, Walkerville, Ont.
J. W. Brien, Essex, Ont.
Malcolm S. Clapp, Tecumseh, Ont.
L. R. McDonald, Windsor, Ont.
Leon Lalonde, Windsor, Ont.

As far as the department is aware, the company is a bona fide Canadian company and is under Canadian control. There is no thought that it is going to be operated in a manner detrimental to Canadian interests, and should such prove to be the case, the committee may rest assured that the licensee will be promptly checked up and if necessary the licence will be cancelled. With regard to the station selling some of its time to United States advertisers, there is no regulation forbidding this practice. A similar practice has been followed for some years by two stations in Toronto, the Rogers-Majestic (CFRB) and Gooderham and Worts (CKGW), and also by the Canadian Marconi Company (CFCF), and La Presse (CKAC) of Montreal. As far as the department is aware there is nothing happening as was stated by the hon. member for North Waterloo.

Mr. CARDIN: How many hours a day does the Windsor station broadcast the programs of the Columbia broadcasting system?

Mr. DURANLEAU: I cannot say, because these statements were made only yesterday and I have had no time to inquire. However, I can say that there is no regulation prohibiting the granting of time to an organization like the Columbia broadcasting system. If it was brought to the attention of the department that practically the whole time of this station was being leased to American companies for the advertising of American goods in Canada, the department would take the necessary steps to see that such a practice did not continue. My hon. friend is aware of the legislation adopted by this house to bring into being a radio commission. This commission will have control of all stations in Canada, including the one at Windsor, and the leasing of hours to different advertising companies will be controlled and regulated.

Mr. CARDIN: In justice to the hon. member for North Waterloo (Mr. Euler) I must say that his statement was based upon information which had been given to him. He was informed that the case he cited was a fact. In the information which came to him it was stated that one of the new channels obtained from the United States had been given to this station. Is that so?

Mr. DURANLEAU: As was stated by the hon. member for East Essex last night, the channel which was allotted to the Windsor radio station is channel 540. That channel has been used by Canadian stations since 1928; it was not a new channel for Canada. It was allotted in 1928 to Brandon, Manitoba. Some months ago the latter was transferred to shared channel 930, and channel 540 being available, it was assigned to Windsor. I am told it is a very good channel and they are well satisfied with it.

Mr. GARDINER: Has the minister any information as to the amount of capital invested in this particular broadcasting station and who are the owners of the capital? If I properly understood the hon. member for North Waterloo, I believe he stated that while there were Canadian members on the board, the bulk of the capital was held or subscribed for in the United States.

Mr. DURANLEAU: We have not the actual information on that point. All that concerns my department is that the company which is operating that station is one incorporated under our laws, and so long as it conforms with the laws of this country and the regulations of our department, I do not think we should be concerned with the amount of United States or other foreign capital invested in the company.

Mr. GARDINER: Can the minister give any explanation as to the various items that go to make up this amount of $500,000 for radio service?

Mr. DURANLEAU: At the present time there are no details covering that amount. It will be used to give a better service to Canadian listeners and will also be used by the new commission. It will be derived from licence fees.

Mr. GARDINER: Under those conditions it is not possible to estimate the detailed amounts.

Mr. DURANLEAU: That would be hard to tell at this time. The program is not yet completed.

Item agreed to.

EXTERNAL AFFAIRS

Geneva—Canada's contribution to the expenses of the League of Nations for 1932, including secretariat, International Labour organization and Permanent Court of International Justice, $220,613.94.

Right Hon. R. B. BENNETT (Prime Minister): This item stood in order that if any hon. members so desired, they might mention the work of the League of Nations. I fancy, since the item stood, the hon. member for Winnipeg North Centre has read in the press what he was asking me about at that time, but if he wishes to ask any questions I shall endeavour to answer.

Mr. RALSTON: On this item might I say a word with regard to the negotiations which I understand are now going on with the United States with regard to a possible treaty, the terms of which I believe will be laid on the table of the house after the treaty has been passed, at least by the executive. Naturally one cannot discuss it fully, because in the early days of the session the Prime Minister indicated that instead of a discussion on any resolution on which a treaty might be founded, the intention was that the treaty itself should be approved and signed by the executive, and later submitted to parliament.

But I cannot let this opportunity pass without reminding the government that in connection with negotiations with the United States there are many matters which I at least think—and I am speaking personally and as the representative of my constituency—should not be lost sight of when questions affecting those two countries are being considered. I am not one of those who understand why a St. Lawrence waterway treaty has to be gone on with just at this stage. I do not understand what the rush is. I do not understand why the expenditure of any large amount of money should have to be made just now, neither do I understand why a suggestion is on foot which is bound, to some extent at any rate, to provide competition in regard to traffic for our railways, which are already hard pressed. I know this: if my right hon. friend were on this side of the house and we were on that, a suggestion at the present time for a treaty with the United States with regard to the St. Lawrence waterway would immediately be met in the press which supports my right hon. friend and by him with very severe criticism and the intimation that we were being entirely dominated by the country to the south of us and that we were being ruled, as the expression went in 1911, by Uncle Sam. It seems, however, that my right hon. friend feels he can freely conduct negotiations which were supposed to be quite beyond the pale when we were in power.

Mr. BENNETT: Can the hon. gentleman show me anything which declared that they were beyond the pale?

Mr. RALSTON: The 1911 reciprocity campaign was based upon the fact that we were being swallowed up by the United States, becoming the adjunct of that country, and that there should be no truck or trade with the Yankees. Not very long ago ministers opposite intimated in the house that the reason for the urgent necessity for the St. Lawrence waterway treaty was that if we did not conclude it now, we might forever lose the chance, because the United States were discussing the project of a waterway from Oswego to Albany. The apprehensions in regard to that suggestion have been exploded by the press and I do not propose to discuss it to-night.

I do not see why a treaty should be proceeded with at this time; but if it is—and we have this only from newspaper reports and from what the right hon. gentleman has said to-day—I submit there is an opportunity for the government to come to some arrangement and understanding with regard to matters which are certainly creating very great difficulties for the primary producers in this country. I refer for one thing to what has been called the modus vivendi, that is the use of our ports by United States fishermen and the use of their ports by our fishermen. For many years we afforded those privileges to United States fishermen and we received no reciprocation from them. We continued to afford those privileges in the hope that some day the United States would grant us similar privileges in return. Instead of that, what we got was a very sharp increase in duty on fish and on the products which our fishermen produced. As a result we considered that patience had ceased to be a virtue and we withdrew those privileges. The result is a situation which is, I think, mutually disadvantageous, at least in some respects. I believe that this matter should be taken up with the United States authorities. There is also now being discussed in the United States the matter of a further restriction on the importation of live lobsters from Canada by the imposition of a size limit. Greatest of all, there is an opportunity of a market in the United States for the export of our fish, which market would afford a profitable outlet, and that market is very largely restricted because of high tariffs against our fish. Our friends from the west are in about the same situation regarding their cattle; their exports to the United States are seriously restricted by reason of the high tariff of the United States. I am going to submit—perhaps it may be regarded as having nothing to do with the waterway treaty—that if we are in extremis and have to give concessions to the United States, it is at least fair that we should discuss with them these matters which are giving difficulty to the people in the east and in the west. Therefore, I ask my right hon. friend when he is conducting these negotiations to keep these matters in mind and to realize that a very fine stroke can be done for the primary producers in Nova Scotia, and no injury done to the consumers

in the United States, if in connection with any arrangement which is made, and which he proposes to submit to parliament, the interests of the fishing industry in connection with these matters are protected.

Mr. BENNETT: I suppose, Mr. Chairman, I should make at least a few observations in answer to what my hon. friend has said. When this government came into power it found that negotiations had been initiated by its predecessors for a treaty between the United States and Canada with relation to the deep waterway to the sea. It will be recalled that despatches were sent by this government to the government of the United States, and by the government of the United States to the Canadian government. There then intervened a discussion as to the position of Canada on the one hand and the provinces on the other with respect to the ownership, if I may use that broad term, of the water in the national section of the St. Lawrence river, and on the Ontario side of the international section. The matter had been in abeyance for some time after the decision of the supreme court. When this government came into power it was again taken up just where it had been left off, and negotiations are proceeding as I indicated this afternoon.

To precede treaty negotiations with a resolution would seem to be somewhat difficult, and to talk about a treaty being submitted to the house for approval before it is signed suggests a negation of the use of the word "treaty" itself. This the hon. gentleman, as a skilled lawyer, well knows.

So far as the bargain is concerned, a treaty is a contract between states; it is a question not of concession but of agreeing upon terms. If concessions are granted or not granted, they are the subject matter of the bargain or contract or agreement between the parties, and it would be premature indeed to undertake in any sense a discussion of what might be involved in the agreement between the parties to the contract that we call a treaty.

So far as the other matters to which the hon. member has referred are concerned, it is obvious from the terms of the despatch that was sent by the Canadian government—not the present government—to the American government, in which reference was made to the effect of American fiscal policies upon the production and distribution of Canadian products, that it was in the mind of the then executive that the matter should be considered. But the reply indicated that, after all, the making of a contract with respect to the use of water which constitutes the international boundary between the two countries—the only necessity for a treaty being the fact that it is an international body of water, the state of New York affected on the one side and the province of Ontario on the other—is not the appropriate occasion to discuss the questions to which the hon. gentleman has just now referred. If he says that there was any attack against the late administration because negotiations had been initiated, I think he is not speaking by the book. I gathered from what he said subsequently that what he had reference to was the observations made at that time by Canadians on both sides of politics with respect to the reciprocity agreement of 1911. It will be recalled that the terms he used were employed not only by Canadians but by Americans of high repute. I daresay he remembers the jocular observation of a former president of the United States in that regard, speaking at a great gathering in this country, and the equally, shall I say, pregnant observations of one of his opponents, who, as it subsequently developed, did not intend them to be taken too seriously, but which were taken very seriously by Canadians in various parts of the country. I daresay the hon. gentleman will also recall what I have so frequently said, and said at that time with as much strength and vigour as I could that the difficulty lies in developing between two countries a channel of trade that is subject to interruption or destruction without the interests of the one being considered by the other. That a channel of trade which has been established should, after a country has got into the habit of carrying forward its trade through that channel, be subject to destruction without reference at all to the interests of the other party is something which I have always condemned and I still think is injurious to the welfare of any country. A fair bargain on trade matters which gives benefits to both on terms that prevent the possibility of injury if the agreement lapses by the effluxion of time or after reasonable notice has been given, is an altogether different matter, and one about which I think the hon. gentleman and myself entertain no great difference of opinion. I feel quite satisfied that if, as and when any agreement is arrived at in the form of a treaty between the United States and Canada, it will be on such terms as will not involve this country in such capital expenditures as those to which the hon. gentleman refers, or involve us in the acceptance of obligations in any sense out of keeping with the benefits that will accrue to us.

Mr. RALSTON: What I feel about my right hon. friend's reply is this. He suggests that it is premature to discuss this matter before a

treaty is made. My point is that it is not premature for us as one party to the contract to discuss between ourselves what might be fair and proper matters of consideration in connection with what my right hon. friend is pleased to term the bargain. My contention is, and since I have made it I do not think I should take up any further time of the committee, that when my right hon. friend is talking of mutual benefits, one of the benefits that might well accrue to us is a benefit with regard to these matters of which I have spoken, namely, the matter of entry for our products into the United States. As he has stated, the matter of fiscal policies had already been mentioned to the United States in correspondence by the previous government, and I regret that the answer seems to have discouraged my right hon. friend entirely from pursuing the matter further. I hope that that will not be so, and that when the time comes to get down to grips and discuss these matters which will be of benefit to us in return for the known benefits we will be conferring upon the other party to the bargain, the matters I have spoken of will not be overlooked.

Mr. BENNETT: I do not desire, in view of the lateness of the hour, to take up the time of the committee. I think the observations of the hon. gentleman as to the perfect propriety of offering suggestions as to what the government should keep in mind in considering the negotiation of a contract or agreement with another state are quite sound, and I do not wish for a single moment to have him think that I did not so regard them. But to contemplate the discussion of the terms of a prospective treaty is an entirely different thing, and I think my hon. friend will agree that there is a vast distinction between the two.

So far as the waterway itself is concerned, the hon. gentleman has an entirely erroneous opinion if he suggests that the benefits to be conferred are benefits to one country, and that country not our own; for it is fairly reasonably established by engineers that certain benefits might accrue to either country, without uniting their forces for the purpose of securing common benefits, because the waterway extends from lake Superior to the sea. The benefits common to the United States and Canada are covered by the terms of a treaty ensuring to both countries the free use of the waterway itself under conditions that are well understood and appreciated. It means merely the overcoming of rapids by the construction of canals and locks, thus rendering possible a continuous voyage from the lakes to the sea rather than one broken by rapids and shoals. So if the observation suggested that there were benefits to be conferred upon one party and not upon another, it was not fair.

Mr. RALSTON: That continuous seaway exists now.

Mr. BENNETT: But not for sufficient depth.

Mr. WOODSWORTH: Mr. Chairman, it is unfortunate that questions relative to our imperial or external relations are so often left until the last days of the session, a time when most members are tired and impatient to get away. In the dying hours of the session we have a very inadequate opportunity of entering into full discussion. Some hon. members seem to regard foreign affairs as so remote from us as to have no immediate concern for the majority of our people. I need hardly remind the committee, however, that to-day we are struggling with debts, pensions and all sorts of post-war troubles which came to us because of our entry into world affairs in 1914, and if in the years to come we are to avoid a similar if not a greater catastrophe we ought to be alert to the necessity of taking a more active interest in world affairs.

When, on April 7, the item concerning Canada's contribution to the expense of the League of Nations for the year 1932 came before the committee, I asked the Prime Minister a question concerning conditions in the far east, in Manchuria. His reply at that time was as follows:

> I did not think it would be wise, and I certainly accept the responsibility for having so advised our delegates, that we should endeavour, with the slight knowledge that we possess as compared with those who are constantly in touch with the situation at Geneva, and those who are responsible for the investigations in Manchuria, either to blame or praise this country or the other in connection with matters so serious as those involved in the then differences between Japan and China.

I can hardly accept the attitude of the Prime Minister as outlined in that paragraph. He seems to take for granted that the League of Nations is something apart from ourselves, something that has a more or less independent existence, and that we must stand aside and wait until the league takes action. When we come to consider the matter we must recognize that, after all, the league is only a sort of forum; it is an exchange. It cannot have a life apart from that of its members; it cannot make decisions apart from the decisions of its members. We must bear in mind that we are an integral part of the league. It may be that Canada, in the size of its population, is not a

great nation. I submit, however, that we are sufficiently important and have held a sufficiently responsible place in the league, being for a time a member of the council, not to adopt the attitude of a junior partner or, if I may use a parliamentary term, a back bencher. In the person of Doctor Riddell, Canada has a representative at Geneva. We are in as good a position as any other nation to keep in touch with what is going on in the league, and it seems to me we should make up our own minds with regard to our attitude on the various events which from time to time come before the council or the assembly. I do not think we can be true to our responsibilities under the treaty unless we follow that course.

I had intended to refer hon. members to some clauses in the treaty, but at this stage of the session I shall content myself by giving a very brief summary concerning our international commitments. This I find in the issue of the Canadian Forum for the month of March, 1932, and to save time I shall read the following:

By the league covenant every member binds itself to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the league. If disputes arise between members which are likely to lead to a rupture, they promise to submit the matter to arbitration or judicial settlement or to inquiry by the council; and they agree in no case to resort to war until three months after the award by the arbitrators or the judicial decision or the report by the council. Should any member of the league resort to war in disregard of its covenants it shall ipso facto be deemed to have committed an act of war against all other members of the league who undertake immediately to subject it to the severance of all trade and financial relation.

Those are very concrete and definite responsibilities. I know the statement may be made that Japan did not resort to war. Technically that may be so, but to all intents and purposes it was a war, and the most offensive kind of war—and I use the word "offensive" in a double sense. It was an unjustifiable resort to force. Yet we, following the example of a majority of the members of the league, remained very largely quiescent. I continue with the quotation:

By the nine-power Washington treaty of 1922 (signed by Sir Robert Borden for the Dominion of Canada) each of the contracting powers agrees to respect the sovereignty, the independence, and the territorial and administrative integrity of China; to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government; to maintain the open door in China, and to refrain from taking advantage of conditions there in order to seek special rights or privileges for itself. And they also agree to full and frank communication among them if a situation arises which, in the opinion of any one of them, involves the application of the stipulations of this treaty.

If I understand correctly, the United States was willing to intervene, and did make a very effective protest against the action of Japan in China. It seems to me that this country might very well have joined the United States in making a strong protest, but we remained silent. We are sometimes told that Canada might perform a very useful function in seeking to interpret for Great Britain the opinions of the United States. In this particular instance we gave no lead whatever, abstained from action, and waited until somebody else came to a decision. I read on:

By the Kellogg Pact of 1928 (signed on behalf of Canada by Mr. Mackenzie King) the high contracting parties solemnly declare that they condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy. They agree that the settlement of all disputes of whatever nature which may arise among them shall never be sought except by pacific means.

Japan, as well as Canada, was a signatory to that treaty, and yet Japan openly and flagrantly did resort to other than pacific means for the settlement of a dispute between herself and China. If I may be permitted to read—for I should like to bring to the attention of the house the opinions of some of those who are in a position to judge with regard to these matters—Mr. Norman Angell's article in Foreign Affairs, for April 2nd. He writes;

Whether Japan has been wronged by China is not the issue. The issue is whether Japan shall be the judge in the case; alone entitled to decide what measures shall be taken to vindicate her rights; entitled to use her power as she sees fit; to be litigant, judge, executioner of the judgment, all in one.

He goes on to say the basic principles of the league are as follows:

That frontiers cannot be modified by force at the will of one interested member of the community; that a threat to peace occasioned by such defiance of the law is the concern of all nations; and that all are under obligation to cooperate to restrain such illegality.

My feeling is that in the last few months Canada has not taken that stand which she might have taken under these international committees.

Mr. BENNETT: Might I ask the hon. gentleman does he consider Canada has any armed force with which to carry out the sanctions that are involved?

Mr. WOODSWORTH: We might have used certain sanctions. I am well aware that

economic sanctions in the far east have been regarded by Japan as equivalent to war. I do not know, however, that that is generally recognized in international affairs, and I think there could have been certain economic sanctions taken that would not have involved war. But we did not propose to take those sanctions, we did not even make any strong protest in the matter. There is my point. I am not saying whether Canada acting alone could have taken any economic sanction, but I think we might very well have joined with other nations in taking such sanction, and in that case I do not think a general war would have been precipitated. But I would point out that through our inactivity we are laying the foundation for a war in the future. There is not much doubt that Japan has ulterior designs in Manchuria. One of her great generals said not long ago that the frontier of Japan was the western boundary of Manchuria. That boundary is Russia. We cannot ignore the very delicate situation that will prevail when Japan faces Russia. I think it is generally recognized that under these conditions Russia has behaved admirably, that she has refused to be drawn into war—not that I am imagining that she is doing that through any altruistic motive, not at all, but I believe probably she is not ready for war and will bide her opportunity. Probably she needs time to consolidate her position.

Mr. BAKER: Do you know all about it?

Mr. WOODSWORTH: I do not, but I would tell the hon. gentleman that I have tried to read what some people have said in regard to the matter, and what he will find in almost any reputable journal of international affairs to-day.

Mr. BAKER: I rather think you know all about Russian affairs.

Mr. WOODSWORTH: No. My point is the danger of neglect by the European nations may lead to the precipitation of a war between Japan and China, and I have said that so far it seems to me that Russia has avoided that conflict. I will not say whether or not we have been rather abetting Russia in this matter, for unless I mistake, some of that grain which was shipped recently from Canada to Russia would in case of conflict be used to feed Russian troops.

Mr. BAKER: If the hon. member would tell us all he knows about it, it might help us.

Mr. WOODSWORTH: I am trying my best to tell all I know about it, because I have nothing to conceal in the matter.

Mr. BAKER: I hope not.

Mr. WOODSWORTH: Nothing whatever.

Mr. BAKER: I doubt it.

Mr. WOODSWORTH: The gentleman may doubt as much as he pleases. It is an astonishing thing that one can hardly talk in this house about international affairs and come within range of certain countries without some hon. gentlemen becoming rather hysterical.

Mr. BAKER: I am not hysterical.

Mr. WOODSWORTH: I hope, Mr. Chairman, that we may have order for a few minutes. I will not weary the house but, I have waited months in the hope that we would have some suitable occasion to present certain matters relating to the international situation. As I have said, it seems to me that the European nations at Geneva through their activities are opening the way to still further trouble in the east. I know that at the present moment it would seem as if the situation has been somewhat bettered. It would appear as if the pressure of the League of Nations has led to the withdrawal of Japan from Shanghai. But Japan still appears to have her ambitions in Manchuria, and that would involve the destruction of the territorial integrity of China, which we have pledged ourselves to preserve. I desire to read a few paragraphs from an appeal from the Chinese government—a statement communicated by the Chinese delegation in conformity with article 15, paragraph 2, of the covenant of the League of Nations:

> The gravity of the issue thus presented can hardly be exaggerated. A great country with a population of approximately 400,000,000 inhabitants is here virtually staking its national existence on the practical application and enforcement of the league's covenant. The supreme test of the effectiveness of the league in a capital emergency is at hand.

Again:

> That Japan launched the attack, that her armed forces have relentlessly advanced for nearly five months, and that they are now in occupation of a vast extent of Chinese territory in two widely separated parts of the country cannot be controverted. A formidable invasion with all the terrible concomitants of war has taken place and is going on. The scale of the operation and the period of time over which it has persisted have removed all possibility of characterising it as casual or incidental.
>
> Article 10, the very corner-stone of the covenant, is being shattered. That article reads:

"The members of the league undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the league. In case of any such aggression or in case of any threat or danger of such aggression, the council shall advise upon the means by which this obligation shall be fulfilled."

Japan is a member of the League of Nations solely by virtue of the fact that she has acceded "without reservation" to this as well as the other articles.

China points to the forcible occupation of 200,000 square miles of her territory, to the attack on Shanghai, to the bombing of Nanking, her capital, and to numerous other specific acts of armed violence as constituting external aggression (and not merely the threat or danger of it) against her territorial integrity and political independence in plain violation of article 10. The proposition appears so axiomatic as not to fall within the domain of argument.

One other brief paragraph:

The basic feature of Japan's plea which calls for notice at this point is the extraordinary contention that the sending of an army to take forcible possession of the territory of a foreign state is divested of all aggressive import if the invading power issues a simple disclaimer of permanent territorial ambitions and of any intention to stay longer than seems to itself necessary. This position cannot be ignored because it strikes at the root of the whole matter. The league must either reject the Japanese contention or write its covenant down to a pious declaration that aggression depends upon the self-asserted state of mind of the aggressor, thus converting the covenant from a guarantee of peace into an invitation to war.

The case of China is convincingly presented. The conclusion is incontrovertible. I ask, then, that Canada, a nation of course far removed from the immediate scene of action, a nation that, as I have said, is small in numbers but is yet a part of the powerful British Empire, and a nation standing side by side with the American republic, should take a more active part than it has taken in matters of this kind.

The league may be said to be on trial. A great many people believe the league offers no guarantee of peace, and some regard it as an impracticable sort of organization. I spent a month at Geneva last year at the time of the meeting of the assembly, when I had the honour to be a temporary collaborator in the league. One cannot sit day after day watching the sessions of the league without feeling on the one hand that in the present situation it is next to impossible for the league to do any real work in the larger matters that affect the world. An enormous amount of good work is being done in minor matters, but when it comes to affairs that affect the greater nations of the world, undoubtedly the league seems almost impotent.

[Mr. Woodsworth.]

Yet on the other hand one could not be there even for a month without realizing that there were wonderful possibilities in this organization. The very fact that men gathered around a common table to discuss matters instead of immediately flying to arms is a very great advance. I think even in the case of China and Japan the very fact that the matter was brought to the league and there discussed was a considerable advance over what would have been possible in the past. But I submit that the future of the league and of international peace demands that we all become more actively conscious of and more definitely interested in international affairs. It may be that the league as now constituted will disappear in time, but I do urge that to-day we cannot get along without some sort of world court and world council —I almost said world parliament. At present we are dreadfully afraid of surrendering our sovereignty to any central body; in the last resort we, as nations, reserve the right to decide things for ourselves. After the great war the machinery of the league was set up in the hope that we might avoid another great catastrophe. I submit, however, that if that catastrophe is to be avoided we must be true to the principles of the league and must be more active in our interest in it, and we must assume a larger responsibility than we have done in the past.

I would urge upon the Prime Minister and the government that they should not be too hesitant in instructing delegations to go just as far as possible in carrying out the obligations which we have assumed under the treaty.

Mr. BENNETT: I assume the hon. gentleman expects me to make a very few observations on this matter, because I would not want my hon. friend to charge the government with any effort to prevent the fullest and freest discussion of the League of Nations. I am conscious of the fact that many people are convinced that the League of Nations has failed, to some extent, at a critical time to discharge the responsibilities which were expected of it. On the other hand, I am free to say that as I read the documents I cannot see that the League of Nations could have done very much other than it did do, under the circumstances which then existed.

We have to ask ourselves this simple question: If there had been no league of nations what would have happened? It seems to me that the test is not whether the league has accomplished all that we expected it to accomplish; rather we should ask ourselves whether or not it has accomplished something that has

prevented another great conflict. I believe that had it not been for the League of Nations there would have been a very serious war in the far east, and to the extent to which this body, set up by almost universal consent, functioning it is true under great difficulties, has been able to prevent the outbreak of a great war, it is entitled to the sincere thanks of every peace loving man in the world. I measure its worth not entirely by what it has done but also by what it has prevented being done, and I think that is not an unfair test to impose upon an organization of that kind.

On the last occasion on which we discussed the Manchurian situation I ventured to point out to my hon. friend that at that moment a meeting of the assembly of the League of Nations had been called. Those who are familiar with the attitude of deliberate assemblies will agree that if a crisis arises the executive may not always function without the authority of the assembly behind it as successfully as otherwise would be the case. The executive, acting upon the request of China, immediately convened the assembly, which met on March 3, 1932. When that assembly met we had a full and complete representation of the whole League of Nations for the purpose of determining what future action should be taken, and also to prevent, so far as possible, the continuance of preparations for hostilities, if I may use that word in a broad and comprehensive rather than in a narrow sense. At that meeting of the assembly Canada was represented by one of its elder statesmen, Right Hon. Sir George Perley, who has had a very considerable experience in attending gatherings of this kind. If I am not trespassing too much upon the time of the committee I should like to read just a few sentences from what Sir George Perley said on March 8 last, as indicating the attitude of Canada towards the problems then under consideration. He said:

> During the last twelve years the world has been endeavouring to build up, through the league, a system of outlawing war and settling disputes by reason rather than by force. The way in which this assembly deals with the question before it will go far to show how successful we have been in this effort. Certainly, if the assembly meets satisfactorily the test which now confronts it, it will mean a long step forward in the realization of the league ideal.
>
> To the Canadian delegation it seems that the work of the assembly must be based primarily upon the following considerations:
>
> (1) We should stop further bloodshed and bring about a real and effective armistice.
>
> (2) We should distinguish between the rights of a case and the maner in which those rights are realized and enforced.
>
> (3) We should affirm as solemnly as possible the fundamental truth that no infringement of the territorial integrity, and no change in the political independence, of any member of the League of Nations which is brought about by force in disregard of the undertakings of article 10 of the covenant can be recognized as valid and effective by the other members of the league.
>
> We believe that this assembly, the instrument through which the common concern of mankind for the maintenance of peace can find expression and make itself felt, should proceed in its work with the above considerations always in view. We hope that by so doing it will arrive at a solution of the difficulties before it, which will be just, peaceful and permanent.

I do not think any good purpose would be served by reading further from that admirable address. On March 11, at the close of the discussion, a resolution was unanimously adopted with which I will not trouble the committee. But while it did deal in carefully measured terms with the whole situation in a manner perhaps not wholly in accord with what my hon. friend suggests, nevertheless I believe its influence was very far-reaching. The resolution asserts the juridical competence of the league to deal with the Chinese-Japanese dispute, recalls the obligations assumed by the parties to the dispute as members of the league and signatories of the Paris pact for the renunciation of war, affirms the binding nature of the principles and provisions of these instruments and declares:

> That it is incumbent upon the members of the League of Nations not to recognize any situation, treaty or agreement, which may be brought about by means contrary to the covenant of the League of Nations, or to the pact of Paris.

Without reading the lengthier resolution I have beside me, which resulted ultimately in the agreement executed by China and Japan by which the armistice came into effect, I think it would serve all useful purposes if I made merely one observation. A gentleman who has had much experience in attending the meetings of the League of Nations indicated this thought to me not long ago: It has always been the case that the representatives of smaller nations or states have made speeches, sometimes of considerable length and of great vigour, while the older, more powerful, and shall I say experienced nations, have remained silent because they recognize that there is a tremendous responsibility in matters of this kind. When committees are set up, when discussions take place across the table and resolutions are arrived at, then the real work is completed. In this instance the lengthy resolution I have mentioned, the sense of which is indicated by the second paragraph just read, had in my judgment a profound effect in influencing the conduct of both China and Japan. I do not

believe it is doing justice to either party for any one of us to express a decided opinion as to the merits of the case now under review by a commission headed by the British statesman Earl Lytton. This commission is attempting to determine all the circumstances antecedent to the recent outbreak, including the terms of the treaty between China and Japan and the methods on the one hand, by which it is contended provocation was given and, on the other, by which defence of national rights was set up. I am not prepared to express an opinion with respect to it. It may well be that there is much more than can be readily seen in a matter of this kind, involving as it does, treaties, the consideration of local conditions, and all the surrounding circumstances. So little were the parties, removed, as they were in Geneva, from the sphere of activities, able to pass upon it that they set up a commission to make an investigation on the ground. One Canadian, a gentleman with much experience in connection with railways, was attached to the commission at the instance of Sir Eric Drummond, the secretary general of the league. That commission is now carrying on its duties. I for one, despite what the hon. gentleman has just said—in my opinion this indicates the conclusions arrived at by one school of thought as distinguished from another—am not prepared to express any settled conviction upon the question except this: Any recourse to arms involving bloodshed is, in my opinion, at variance with the terms of the provisions of the covenant of the league as well as of the pact of Paris.

When I am asked, as each one of us is asked, why this country did not take a more leading part in the matter, I think all I have to do is to refer to the terms of the league itself, to examine the sanctions which are provided and to ask myself this question: Would you in a position of responsibility accept what is involved in endeavouring to put these sanctions into force against either China or Japan? For my own part, I confess I would not. I would be content to pursue the course which I believe commends itself to the thoughtful statesmen of the world who have had wide experience, where I have had none. Happily the representatives of this dominion, being in Geneva at the time in connection with another matter, were able to attend these meetings. I believe that the extracts which I have just read from the statements made on March 8 last by the Right Hon. Sir George Perley to the assembly of the League of Nations in Geneva represent the convictions, the hopes and aspirations of the Canadian people with respect to the success of the great experiment embodied in the setting up of the League of Nations.

I fear at times when I contemplate the work of the league that there is great danger of its efforts failing, not because it has not striven earnestly but because there is sometimes on the part of critical persons an inclination to expect it to be able to produce the millennium just as the magician produces a rabbit out of a hat. There is no such power given to any sons of man, whether they be the League of Nations or any other league in the world. These representatives, the governors and the executive council, I believe have striven as earnestly as men ever have striven in the history of Christendom to do a constructive work for the preservation of the world's peace. I always get back to this thought—and it has the effect of making me think well rather than ill of the work this organization is acomplishing: what would have happened had we not had this world organization to which to appeal to create a public opinion, limited to no one country but extended to all, favourable to the outlawry of war, and to prevent aggression by one nation against another, no matter how great might be the provocation?

Item agreed to.

MISCELLANEOUS

To provide for expenses in connection with the Imperial economic conference, $250,000.

Mr. IRVINE: Mr. Chairman, I had hoped that I would have had the opportunity of offering some extended observations on the approaching economic conference, but obviously at this time of night, when we are attempting to finish the business of the committee before eleven o'clock, it will be impossible for me even to attempt to cover the ground I had intended to cover. However, when this subject was last before the house for discussion an opportunity did not offer to any hon. member in this corner of the house to express an opinion on the matter, so perhaps I may take a few moments, even at this late hour, to say that we in this corner have hopes of some results from the Imperial economic conference. We realize that the people of Canada have great expectations of this conference; that, in fact, the hope of the nation is centred upon it, and that even if it were as successful as we hope it will be, there is bound to be considerable disappointment, for it is scarcely probable that there will emerge immediately any

definite, recognizable economic benefits to be extended over the wide area represented by those who will be present at the conference. Nevertheless the hopes, not only of the Canadian people but of all peoples in the British commonwealth of nations, are very high, so high that if failure should result, it would materially affect the morale of the entire British people. Therefore it becomes the duty of every unit of the commonwealth and of every individual in each to do everything possible to make that conference a success.

Something was said about the importance to the success of the conference of the attitude of mind in which the various delegations approached each other. That is true. It was suggested that the Canadian delegates might jeopardize the result of the conference if they met in a spirit of bargaining. I do not think there is much in that observation. All trade is bargaining, and yet trade has been carried on for centuries to the mutual advantage of those trading. I would rather have a frank bargaining proposition, where each individual to the bargain recognized the necessity of making a just bargain, than have any vain altruism which it would be impossible to make effective.

I want next to observe that the conference presents great possibilities. The economic expansion in the commonwealth of nations which might result from such a conference goes far beyond the imagination. The resources of the commonwealth in raw materials, mechanical and scientific skill, experience in industrial pursuits, in finance and so forth, are great indeed. In fact, within the empire, or the commonwealth of nations, if you like, we lack nothing which is necessary to the very highest standard of living in modern times. If the conference can arrange to distribute the products of the commonwealth amongst its own people, I do not think we need to concern ourselves very much from now on about the foreign markets to which we have given so much attention in this house.

The failure or success of the conference, it must also be said, depends not upon the Canadian delegates alone, but upon all delegations equally. But its failure or success will depend almost entirely upon the primary objectives sought by the conference as a whole. If the conference attempts to keep things going in the same old course; that is to say, if it deliberates with a view to paying all debts in gold values, to maintaining the debt creating monetary system, to aim at becoming rich in debts, to scheme to capture foreign trade, to strive to stimulate production without making definite arrangements to ensure the proper distribution of what has been produced, then I have no hesitation in saying that it will be a failure, no matter what else may be done. But if, on the other hand, the conference is burdened with the conviction that the commonwealth of nations can do with ease that which no single part of it could ever do alone, and if in that conviction it recognizes that it is privileged to lay the foundation stone of what perhaps may be a new economic era, a new era in which the British commonwealth of nations in cooperative unity shall once again lead the world, then great things may be done.

It is true that at one time the British Empire led the world, and if we study that leadership in the setting in which it appears, the setting of its time, we shall find it was a leadership worthy of British pride. Britain led in manufacturing, shipping, finance, naval and military supremacy, great conquests, colonization, civil government and the arts and sciences. But leadership in these matters does not to-day count for so very much. The smallest of the nations, as will be observed, as well as the greatest, can produce more than can be distributed. It knows how to trade, how to fight, even to the last man, and is highly practised in the arts. But the world is looking for a leadership that will be greater and more to be desired than that given by Great Britain in the past, a leadership out of the debris of a civilization which, having been built upon the sand, has tumbled around our ears, a leadership recognizing the necessity of utilizing the wealth, the leisure and all the achievements which are possible to-day for the one great, single purpose of human happiness. If this will be the objective of the conference, it will succeed, not perhaps spectacularly, but nevertheless really, and it will lay the basis for what I believe will be in fact a new economic era.

Let me conclude by making a suggestion or two as regards subjects that we in this corner of the house believe should be discussed and settled definitely at that conference. We think the conference should discuss and decide ways and means of dealing with the world's debts and with our own debts to other people. It should come to the conclusion that if our debts are to be recognized as most British people wish to recognize them, they will have to be paid in goods; that is, we should undertake at such a conference to declare to the world that British debts shall be paid in goods: that such goods shall be delivered wherever they may be desired by our creditors, in whatever quantity it may be arranged to deliver them, and at whatever time delivery

may be required, and that such goods shall be delivered to our creditors at the values of the goods which we borrowed; for in practically every case what we have borrowed from other nations has been borrowed in actual goods.

Next, every branch of the commonwealth of nations should have the right to decide to control the social credit within its own boundaries. In that regard I wish to quote very briefly from Lord Beaverbrook. He is a great Canadian, a wealthy man, and a lord, and so no doubt what he says will have more weight than what I have been saying for years in this respect. He says:

> Let us begin by making it clear to the public that there are only two forms of money—what you have in your pocket, and what you have in the bank. Money does not depend on gold stocks or on any other metallic foundation.
>
> It should be our policy to make money both plentiful and cheaper. It may be fairly cheap at the moment. I do not deny that. It is certainly not plentiful. Until we have made it plentiful we will not be able to maintain the standard of wages here.
>
> How can it be made plentiful?
>
> Send the Bank of England about its business! Let it continue to perform the functions of a joint-stock bank.
>
> Establish a central bank, owned by a nation, equipped with all the powers necessary to provide abundant credit and hedged about by all the restrictions required to safeguard the permanence and stability of the structure.
>
> That is the solution.
>
> Give us the right to establish reasonable credit and sufficient banking facilities for the people, and you will get the present wage-level, stability of commodity, prices and prosperity for our people.

That is what Canada should decide to do.

Next we suggested that there should be stabilization of the British currency. That would be in line with the resolutions which have been passed by very representative bodies of men in Great Britain and the necessity of which has been recognized by similar bodies in this country. Without parity of currency within the commonwealth, adequate exchange of goods cannot be effected.

Finally we suggest that trade should be arranged within the commonwealth with the least possible restrictions. Let me finish by saying this, that even if the Imperial conference should fail to be the doorway to a new prosperity, that is no reason that Canada should lose heart. The mere fact that we cannot sell our surplus wheat to anybody else is no reason that any Canadian should die of starvation. The mere fact that we cannot ship our surplus lumber to any other country does not mean that our Canadian people should not have homes. The mere fact that we cannot get rid of the boots and shoes Canada can manufacture, that we cannot sell them abroad, does not mean that people should go without footwear in this country. So that if there should be failure Canada must go on in her own way and be a success. She must learn how to distribute her products first to her own people. I do not think we should make goods to sell but rather to use, and if we get that idea we can be content to let foreign trade look after itself for the present. Canada cannot afford, even in the name of trade, to export its products to any country below cost as she is now doing. We in this section of the house wish the greatest possible success for the coming conference, and if the government proceeds as capably in the conference as it has done in arranging for it, we have great hopes for its success.

Mr. SPEAKMAN: As the hon. member for Wetaskiwin has said, we are looking forward to this conference with hope, although not with over-optimism, believing it to be a great opportunity but an equally great responsibility. The suggestion I have to offer is this: Every part of Canada, every industry in Canada, every individual in Canada is keenly interested in this conference, the farmers, industrialists, financiers, everyone, not only those who support the government but those who for the time being must be represented by the government in whom we have to place our trust.

In the three western provinces, and possibly in other provinces, conferences have been held and are now being held and will be held between the farming bodies, commercial bodies and different branches of the government, particularly along agricultural lines, in a great endeavour to unify thought in this direction. I am speaking particularly for the agricultural element, than which none is more keenly interested in the success of this conference. There is an endeavour to unify thought in respect of agriculture at least as between the various provinces. If they can do that I understand that the Prime Minister will certainly make it possible for these bodies to send their representatives to Ottawa and to send memoranda and give advice. I understand that accompanying some of the delegations will be small supernumerary bodies of advisers who, while not taking any part as delegates, will be able to discuss with the delegates matters which are of particular import to the different interests they represent. May I suggest that it be made possible by this government, once these different provinces have unified their thought on certain lines, to have a sort of council representative of those provinces and bodies

here, not as delegates, but to watch and consider the proceedings, and to discuss with the government and with the delegates representing the government matters of interest, in order that we may help one another and that the decisions arrived at may be the decisions not of the government alone but of the thinking men and women of Canada. We can act only through the government, and we hope that the government will accept, so far as it may be offered, the assistance of others, and make it possible for these representatives to speak through the government in the conference on matters which are of deep concern to them.

Mr. BENNETT: Notice has been sent to each of the premiers of the provinces, as I promised the right hon. leader of the opposition, asking them for any suggestions they might desire to make to the conference through the government, as well as to agricultural and other organized bodies in the state—not the manufacturers' association alone—for the purpose of having representations made.

Item agreed to.

To provide for the administration of the Royal Canadian mint, including salaries, contingencies, retiring and other allowances, and general expenses, $182,400.

Mr. BOULANGER: May I ask the Minister of Finance why there is an increase in this vote?

Mr. RHODES: There is no real increase in this vote; as a matter of fact, there is a decrease. The apparent increase is due to the fact that we have recently taken over the mint.

Mr. BOULANGER: May I ask the minister if dominion notes are engraved at the mint?

Mr. RHODES: No, only coins.

Mr. BOULANGER: May I express the hope that some day the Minister of Finance will give us dominion notes and coins with the two languages that are spoken in Canada? Last year the Canadian government did something that was very flattering to our national pride when they took over the control of the mint from the government in London. I hope that they will do something equally flattering to our Canadian pride by putting the two official languages of this country on our dominion notes and on our coins so that they will proclaim to the four corners of the earth the name of Canada. At this late hour of the session, a few hours away from prorogation, I am not going to go into a detailed expose of the reasons, historical, national and otherwise, which I could bring forward in support of my suggestion. Let me simply say this, that this move would be flattering not only to one-third of the Canadian population which speaks the French language, but also to the great majority of English-speaking Canadians who know the history of this country, and who know the contribution that French speaking Canada has made to our national life.

Mr. RHODES: I have only this observation to make, that the considerations which have moved my hon. friend in making his suggestion this evening must certainly have been apparent to him during the preceding six sessions he has sat in this house, and with the bright mind that he possesses I am surprised that it is only at this late date that he makes this suggestion. So far as the coins are concerned I think his suggestion has been fully met because our coins to-day are distinctly bilingual in character, in fact trilingual, because in addition to bearing words in both the French and English languages they carry a motto in Latin. Whether or not it is desirable to alter the character of our dominion notes is a matter which can well be considered as, if and when new designs are before the government for consideration.

Mr. BOULANGER: I hope the minister is not reproaching me for giving the government an opportunity to do a good deed.

Mr. RHODES: Certainly not.

Mr. LAVERGNE: There can be no reproach against me because twenty-eight years ago I asked in this house for this very thing. It could only be some very narrow prejudice that would operate against this reform, which is in accord with the letter and spirit of our constitution, as contained in section 133, clause 2, of the British North America Act. All acts of parliament must be printed in both languages, and I would point out that dominion bills and coins are acts of parliament as well as the legislative bills that we pass through this house. But there is something higher in this idea. I think it makes for national unity. If we intend to build up a Canadian confederation we cannot build it up by keeping one-third of the population in a reserve in the province of Quebec, and then stating that everything is satisfactory so long as the Indians of Quebec keep in the reserve which has been given to them. I understand to a certain extent the fears of those who feel that there should be only one language in this country, but they are at

least a hundred and fifty years late in giving expression to those fears. Belgium is a nation with two languages, and a nation which has preserved its liberty. Switzerland, a nation with three languages, has for twelve hundred years preserved its liberty in Europe. The preservation of languages is so natural and just that Great Britain, when she took over Palestine, used both Arabic and English on the coins and bills of that country. South Africa, also, uses the two languages.

Mr. LAPOINTE: What about the Irish Free State?

Mr. LAVERGNE: And the Irish Free State, and Malta,—in fact all over the British Commonwealth with the exception of Canada, we find dual language adopted. At this late hour I shall not take the time to speak at length; but may I say that if we want to build a nation, if we want Canada to be preserved as a separate and distinct entity, my opinion is—and I think it is based on sound common sense—that first of all equal justice must be given to all races, in compliance with the thought of the fathers of confederation. Their views were well expressed by Sir John A. Macdonald, who said in the House of Commons that there were no victors or vanquished, but only two races having the same rights and the same privileges so far as language and civil rights were concerned.

I have only one further statement to make; I could discuss this matter for a long time, but I shall not do so. If we want Canada to survive as a nation we must build in it something different from the United States. We should have here a dual civilization and dual traditions, for it is only on that basis that we can build up a free, prosperous and happy country.

Mr. LAPOINTE: Mr. Chairman, it is too late for me to offer any lengthy remarks, but I should like to say that I am in full accord with the remarks of the hon. members for Bellechasse and Montmagny. I wish only to place before the committee an example of the different spirit which exists even in Great Britain concerning the languages. A couple of months ago I received at my office in Quebec a letter from Great Britain which had been sent by air mail. The words "by air mail" and "par avion" in English and French respectively were on the letter. On the same day I received by air mail a letter from Alberta. The service which carried that letter was of course in Canada, but the letter had no French notation on it. In Canada some people see red when they hear the French language; elections are fought on the language question. I hope we will pass over that crazy period of Canadian history, and that everybody will realize it is not a shame in Canada to know, speak and understand two languages.

Mr. CHEVRIER: Mr. Chairman, I agree fully with the remarks of the three speakers who have preceded me.

Mr. SULLIVAN: I concur fully in the remarks of the previous speakers. I believe both languages should be spoken in the province of Quebec and throughout the whole of Canada. The words of the mottoes of British sovereigns, namely, "honi soit qui mal y pense" and "Dieu et mon droit" do not prevent the people of the British Empire from being loyal to the British crown. A few days ago I had occasion to look into the files of a very dear old friend who has now passed away. He was a man against whom I had occasion to contest a constituency, and in that election the people decided he was a better man than I. I refer to the late Hon. Mr. Robb. Many petitions and circulars on this subject were sent to him, as a member of the Liberal government, but they were not acted upon. However, the fact that the late government did not grant the request now repeated by the hon. member for Bellechasse is no reason why the present government should not do so. Two wrongs do not make a right. Therefore, leaving all petty political consideration aside, I am free to concur in the remarks of the hon. member for Bellechasse.

Mr. CASGRAIN: Mr. Chairman, I also concur in the remarks made by the ex-Minister of Justice, the hon. member for Montmagny and the hon. member for St. Ann. I say to the committee that if such a resolution had not been brought down this year by the hon. member for Bellechasse I myself would have made a similar motion. Representing a county of the province of Quebec and as a citizen of that province I ask the government seriously to consider the suggestion.

Mr. GAGNON: Mr. Chairman, I am pleased to add a word in support of the contention of the hon. member for Bellechasse. It is true that the first hon. member who moved that bank notes and currency be printed in the French language was the hon. member for Montmagny, in the year 1907. At that time he and the hon. member for Labelle were the only members who were in favour of a resolution to that effect. To-night however we hear a great many members on both sides of the house express similar views.

Mr. LAPOINTE: My hon. friend is mistaken concerning the support given to the measure in 1907.

Mr. GAGNON: Byron, once said that "a small drop of ink fallen like dew upon a thought produces that which makes millions think." It would seem that the drop of ink the hon. members for Labelle and Montmagny dropped thirty years ago upon the thought of bilingualism has produced what millions of Canadians think to-day.

Mr. LAPOINTE: I think if my hon. friend reads Hansard of that day he will find he is mistaken.

Mr. GAGNON: No, I do not think I am.

Mr. RYCKMAN: Well, don't begin quarrelling about it.

Mr. LAPOINTE: An amendment was moved by Sir Wilfrid Laurier to the effect that in principle the two languages are equal in this country. No division was taken.

Item agreed to.

To provide for payments in connection with movements of coal under conditions prescribed by the governor in council and for the cost of administration thereof, $1,100,000.

Mr. RALSTON: I should like to know how many more tons of coal will be moved this year than last as a result of this assistance.

Mr. GORDON: The assistance granted to the coal miners of Nova Scotia, for which provision is made in this item, has been the subject of many conferences and discussions between the Department of Mines and the operators in Sydney and elsewhere. I believe if the mine operators of the province of Nova Scotia will be astute enough to take advantage of the markets which this assistance will make available, they should, when the full force of the assistance is felt, get upwards of 1,000,000 tons of coal. I am hopeful of it.

Mr. RALSTON: Does my hon. friend say a million tons more than last year will be produced?

Mr. GORDON: Yes, I am hopeful they will be able to get a million tons extra.

Mr. RALSTON: Generally speaking, I think the subvention, although drafted in somewhat different terms, is in effect the same as was in force last year, save in two respects; one, in regard to waterborne coal, that is coal moving further up the St. Lawrence to Kingston and Toronto; the other, in regard to railway coal. I do not anticipate a great deal of extra coal will be moved up the St. Lawrence to Toronto. I did hope the railway coal would produce a substantial additional tonnage, but I am afraid a condition has been imposed by the order in council which will materially lessen the amount which they might otherwise move under this subvention. That condition is that the only coal which will receive the subvention is the excess over the amount which was purchased by the railways last year. That is a very serious condition, and one which of course, in the case of the Canadian National Railways, means that no subvention at all will be payable, as I understand it, for the reason that their consumption this year is considerably less than it was last year. Last year they were assisted under the Unemployment and Farm Relief Act; whereas, so far as I know, there will be no such assistance this year. Therefore the only inducement to them to continue taking Nova Scotia coal is that offered by this subvention, and that inducement is negatived by the condition that I have stated. As to the Canadian Pacific, they will get the subvention because they used practically no Nova Scotia coal last year. That is the difficulty, and I am afraid my hon. friend will find his hopes regarding extra tonnage far from being realized.

Item agreed to.

Mr. RHODES: I move that the committee rise and report the resolutions.

Mr. CASGRAIN: Mr. Chairman, before the committee rises, I desire to direct attention to the dismissal of Francois Harbour, Indian agent at Oka, in the county of Two Mountains, a position to which he was appointed in 1923. An investigation was ordered a year after the election of 1930, on account of the fact that this man had apparently attended political meetings during the course of the campaign of 1930. The investigation was started, stopped, and started again. A peculiarity of the investigation is that the government appointed a prosecuting attorney to represent the department under the title of "procureur du département." I wish to direct attention especially to this fact. I hold in my hand all the evidence in the case. I will not deal with it fully now as I may have an opportunity to refer to it at another session. The plaintiff produced five witnesses, one of whom desired the position. The defence produced fifteen witnesses. Of those whom I may term the main witnesses for the prosecution, one, Mr. Marinier, when asked if the political meeting that Mr. Harbour was accused of attending was a Liberal or a Conservative meeting, answered:

A Liberal meeting? you confuse me; I cannot answer you; I rather think that it was a Conservative meeting.

It was upon the testimony of this and other witnesses that the commissioner based his decision to dismiss Harbour. In the evidence of another witness named Binette we find the same question put to him, and he is not certain that it was Harbour himself who gave the sign of approval of the speech that was being delivered by the Liberal speaker, Mr. Geoffrion. This is the question put to him by the prosecutor:

Between you and Harbour there were some taller than Mr. Harbour and some of his height.

He aswered:

Yes, sir.

To another question:

Q. Was Mr. Harbour wearing a hat or a cap?

He answered:

I did not notice this particularity.

So the evidence of two of the most important witnesses produced by the prosecution certainly is not very specific as to the fact that Mr. Harbour himself was the man who signified his approval of what was said at that time by the Liberal speaker. We have also the testimony of one of the witnesses that he did not know whether it was a Liberal or a Conservative meeting. In his defence Mr. Harbour testified that he had never uttered any signs of approval, neither clapping his hands nor in any other way signifying that he approved what was said by the speaker.

Mr. BENNETT: The hon. gentleman knows it has not been charged that any fraud was practised. A wholly impartial tribunal heard the witnesses and the accused, if that term may be used. The commissioner reported against him. The hon. gentleman is only delaying the supply bill by proceeding further.

Mr. CASGRAIN: That may be so, but we have the evidence of Harbour himself and his fifteen witnesses, all of whom testified that to the best of their knowledge in the election campaign of 1930 they had never heard of Mr. Harbour mixing up in politics at all. Then we have the evidence of the two witnesses produced by the complainant, one of whom, Mr. Cadieux, is the principal Conservative organizer in the county, and the other Mr. Eustache Varin, is also a strong supporter of the Conservative party; they both testified that during the course of the election campaign of 1930 to their knowledge, Mr. Harbour had never done anything in the interests of the Liberal party. We have also the evidence that at that time a gentleman named Chéné testified that the man who had given signs of approval of the speech made by Mr. Geoffrion was none other than himself, Chéné, and not the accused, Mr. Harbour. I desire to draw attention especially to the fact that there must have been a conspiracy on the part of certain persons to oust Harbour from his position. I do not know to what extent it is true that the government, before dismissing Harbour, although the report had been submitted to them, considered the question very seriously, and it was only upon a certain minister taking the responsibility upon himself that they decided to act upon the report. I strongly protest against the way the investigation was conducted, because I think an injustice was done to this man Harbour.

Mr. GARLAND (Bow River): I wish to delay the house for only about two minutes in order to keep the record accurate. When this item was under discussion some evenings ago, close to the time for adjournment, the minister, in replying to some interrogations by myself, stated that the person in Gleichen to whom had been awarded the contract for the supply of coal to the Indian reserve at a price which I showed was $1.10 more than the price at which the coal could have been secured if tenders had been solicited in the proper way, was a dealer in coal according to the letterheads on file. As my information had been to the contrary I immediately wired to Gleichen in order to ascertain whether or not my statement had been correct. The wire I sent on May 6 read:

Your letter states McConnell not a coal dealer. Minister states McConnell's accounts bear heading dealer in coal, oils, etc. Please wire full statement.

Mr. BENNETT: To whom was that wire sent?

Mr. GARLAND (Bow River): That was sent to a person whom I knew to be a coal dealer and who would be in a position to inform me, Mr. R. S. McQueen of Gleichen. His reply was:

I reaffirm statement McConnell not in coal business irrespective his billhead. He has no scale shed or coal equipment. I have been Gleichen fourteen years and McConnell never received car of coal in that time. Check up with Canadian Pacific Railway for verification. My letter correct in detail.

R. S. McQueen.

Subsequently I received a letter from the same gentleman amplifying his telegram. In order to be sure that I was not relying upon one witness who might have been prejudiced I also wired Mr. Bentley, of Gleichen, a very reliable person and a member of the local

legislative assembly, who wrote me under date of May 10 as follows:

Since coming in to town and mailing my letter to you I have learned that McConnell claims he is a coal dealer. This is not true and never was true. He has it on his bills, etc., but I never heard of him shipping in a car of coal. I believe the contract was worked between him and the Crown Lumber Company. You should insist on getting the names of those who did tender, and I think you will probably find the Crown Lumber Company put in a tender higher than his. They supplied the coal although he got the contract and rake off.

I am not accusing the minister or the administration of wrongdoing in this matter, but I have drawn their attention to what in my opinion is a scandalous method of awarding contracts. If that method is current throughout the various departments there is a wild and extravagant over-expenditure of money in the securing of supplies. I ask the minister to investigate this matter thoroughly, and make sure that in future tenders are called for in the proper way, by open advertisement.

Mr. RALSTON: The other night in connection with this item I brought to the attention of the minister the question of a dismissal in Shelburne county, but at that time the minister had not brought down the return with regard to the dismissal of Doctor Captain Churchill as Indian doctor at that point. Since that time I have received the return.

I simply wish to place these facts on record: In the first place the return shows that, as far as the record goes, the minister simply dismissed Doctor Churchill with no recommendation of any kind. In the second place the minister was warned at the time by his officer that the additional cost per visit to the Indians residing at Shelburne would be approximately $20. In the third place the first bill submitted by the new doctor for the month was $153, as against an average monthly bill of the previous doctor of something like $18. In the fourth place it seems to have been just at the time I called the minister's attention to the fact that these costs had run up so absurdly that instructions were given that the new doctor should not receive any more than the former doctor had received. In the fifth place, notwithstanding the recommendations of the officials of the department to the effect that Doctor Churchill be allowed to do the work at Shelburne, the minister was adamant and absolutely refused to change the appointment. Lastly, to indicate the kind of man who was thus summarily dismissed without either complaint or notice. I have here Captain Churchill's citation for the award to him of the military cross, which is as follows:

During the fighting east of Arras, 26th-28th August, 1918, he was continuously on duty under heavy shell fire, and had absolutely no relief during the whole period. He kept in touch with all his R.A.P. and was responsible for the rapid evacuation of his wounded from the forward line. His zeal and devotion to duty were admirable.

That is under the authority of the London Gazette. This is the man who was dismissed by the minister with absolutely no recommendation, with the result as I have shown that in one month the department might have had to pay to the new appointee about seven times what was paid on the average to Captain Churchill.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. MacDonald (Cape Breton South) in the chair.

Mr. RHODES moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the year ending March 31, 1932, the sum of $2,242,474.83, and for the year ending March 31, 1933, the sum of $161,768,299.87, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 101, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1932, and the financial year ending March 31, 1933.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

He said: Mr. Speaker, in the morning the Secretary of State (Mr. Cahan) will make a short statement with respect to reparations

and the Minister of Marine (Mr. Duranleau) will make a statement with respect to a bill which he will ask the house to permit him to withdraw. I should like to take this opportunity to thank the opposition, both official and unofficial, for the way in which they have contributed to-day to the transaction of business and the disposition of matters which we have had under discussion.

Motion agreed to and the house adjourned at 11.05 p.m.

Thursday, May 26, 1932

The house met at eleven o'clock.

QUESTION

(Questions answered orally are indicated by an asterisk)

*KAMOURASKA COUNTY—COLLECTION OF NEW TAXES

Mr. BOUCHARD:

Was any appointment made in Kamouraska county in connection with the new taxes on telegrams and telephones?

Mr. RYCKMAN: The answer is no.

MONTREAL HARBOUR

On the orders of the day.

Hon. FERNAND RINFRET (St. James) (Translation): Mr. Speaker, I wish to put a few questions to the hon. Minister of Marine (Mr. Duranleau) in connection with the Montreal harbour. May I first inquire whether the report of Commissioner Gibb on Canadian ports has been printed and translated?

Hon. ALFRED DURANLEAU (Minister of Marine) (Translation): Mr. Speaker, the report of Sir Alexander Gibb, I think, has now been printed in the two languages.

Mr. RINFRET (Translation): I wish to thank the hon. minister. May I further inquire whether the government intends, previous to prorogation, to make known its policy with reference to legislation or measures to implement the report.

Mr. DURANLEAU (Translation): It has been impossible owing to the arduous work of this session to discuss the details of Sir Alexander Gibb's report which is voluminous and, as all know, covers all Canadian ports. The governement intends to closely study this report between now and next session and then to state its policy.

[Mr. Bennett.]

Mr. RINFRET (Translation): I thank the hon. minister for his information. I have but one other question to ask, I make a request under the form of a question so as to comply with the rules of the House, however, in truth, I wish to persuade the government to grant my request. Is it the intention of the Montreal harbour commission during the summer season to give all the work possible to the working population of Montreal and to restrict as much as possible this assistance to the people of Montreal?

Mr. DURANLEAU (Translation): The Montreal Harbour Commission, sir, this season will carry out its usual work. If it is possible to extend such work so as to stem unemployment, we shall do so. I am aware that lately, the commission has started the construction of wharves in the eastern part of Montreal, and I think that before long other works will be undertaken.

Mr. RINFRET (Translation): I again wish to thank the hon. Minister of Marine, and to also inform him that I made all these inquiries for the purpose of co-operating.

REPARATIONS

STATEMENT BY SECRETARY OF STATE AS TO RECEIPTS AND PAYMENTS IN COMPENSATION FOR INJURY AND LOSS

On the orders of the day:

Hon. C. H. CAHAN (Secretary of State): Several hon. members on both sides of the house asked me at a late date in the session if I would not make a statement to the house with regard to reparation payments made by Germany and the right of soldiers who saw service in the war to obtain not only pensions but also certain awards by way of compensation for physical injuries suffered while they were prisoners of war. As a great deal of misapprehension seems to exist in the minds of many throughout the length and breadth of the country, with consent of the house I should like for a few moments to make a statement as to the facts.

Under articles 231 and 232 and annex I to article 232 of the treaty of Versailles, Germany agreed to pay for certain loss and damage, particularly to the civilian population. Article 231 reads:

> The allied and associated governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the allied and associated governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

As regards article 232 I shall read the first two paragraphs:

The allied and associated governments recognize that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present treaty, to make complete reparation for all such loss and damage.

The allied and associated governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the period of belligerency of each as an allied or associated power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in annex I hereto.

In order to make my statement clear I would ask the house to permit me to place upon Hansard annex I instead of reading it, as the time is very short and with consent I shall hand it to the reporter. Annex I reads:

Compensation may be claimed from Germany under article 232 above in respect to the total damage under the following ten categories:

(1) Damage to injured persons and to surviving dependents by personal injury to or death of civilians caused by acts of war, including bombardments or other attacks on land, on sea, or from the air, and all the direct consequences thereof, and of all operations of war by the two groups of belligerents wherever arising.

(2) Damage caused by Germany or her allies to civilian victims of acts of cruelty, violence or maltreatment (including injuries to life or health as a consequence of imprisonment, deportation, internment or evacuation, or exposure at sea or of being forced to labour), wherever arising, and to the surviving dependents of such victims.

(3) Damage caused by Germany or her allies in their own territory or in occupied or invaded territory to civilian victims of all acts injurious to health or capacity to work, or to honour, as well as to the surviving dependents of such victims.

(4) Damage caused by any kind of maltreatment of prisoners of war.

(5) As damage caused to the people of the allied and associated powers, all pensions and compensation in the nature of pensions to naval and military victims of war (including members of the air force), whether mutilated, wounded, sick or invalided, and to the dependents of such victims, the amount due to the allied and associated governments being calculated for each of them as being the capitalized cost of such pensions and compensation at the date of the coming into force of the present treaty on the basis of the scales in force in France at such date.

(6) The cost of assistance by the governments of the allied and associated powers to prisoners of war and to their families and dependents.

(7) Allowances by the governments of the allied and associated powers to the families and dependents of mobilized persons or persons serving with the forces, the amount due to them for each calendar year in which hostilities occurred being calculated for each government on the basis of the average scale for such payments in force in France during that year.

(8) Damage caused to civilians by being forced by Germany or her allies to labour without just remuneration.

(9) Damage in respect of all property wherever situated belonging to any of the allied or associated states or their nationals, with the exception of naval and military works or materials, which has been carried off, seized, injured or destroyed by the acts of Germany or her allies on land, on sea or from the air, or damage directly in consequence of hostilities or of any operations of war.

(10) Damage in the form of levies, fines and other similar exactions imposed by Germany or her allies upon the civilian population.

In respect of these several categories mentioned in annex I, Canada has paid prior to January last:

Under categories 1, 2, 4 and 9, to claimants who were resident or domiciled or carrying on business in Canada.. ..	$ 8,084,069 50
Under category 5..	562,178,569 00
Under category 7..	134,649,834 00
Total..	$704,912,472 50

That is what Canada paid out prior to January last as compensation to Canadian nationals for loss or damage as defined in the categories set forth in annex I to article 232 of the treaty of Versailles. Prior to January last Canada had received from Germany by way of reparations only $26,672,246.06. That is, Canada had received from Germany less than four per cent of the amount which Canada had paid out under those several categories for damage in respect of which Germany, under the treaty of Versailles, agreed to make full payment.

But the treaty of Versailles was revised in 1924 by the so-called Dawes plan, which was prepared by a committee of experts of which General Dawes was chairman. Subsequently, in 1929, an arrangement was made with Germany in respect of an experts' plan, known as the Young plan, dated June 7, 1929. The Young plan was confirmed by the Hague agreement of January 20, 1930, which was executed on that date at the Hague by representatives of the creditor governments, the Hon. Peter Larkin signing on behalf of Canada. By this agreement Germany accepted the experts' plan, known as the Young plan of June 7, 1929, "as a complete and final settlement so far as Germany is concerned of the financial questions resulting from the war." Thereby the German government gave "a solemn undertaking to pay the annuities which were provided in the Young plan." All the members of the house are aware that last year Germany

ceased paying the annuities established under the Young plan, and during the present fiscal year we have received nothing from Germany on that account. A conference is to be held at Lausanne in June next to reconsider the whole matter. The report has been spread throughout Canada, and I have seen many circulars and letters to the same effect, appealing to soldiers who served in the war and who were made prisoners of war to make applications for reparations to the present commissioner, Mr. Errol M. McDougall, K.C., for compensation for physical injuries and disabilities suffered while they were prisoners of war. The statement has been circulated that there is a fund, and many times it was represented as a vast fund, in the treasury at Ottawa received from Germany out of which such awards might be paid. The financial statement which I have just given to the house shows that there is no such fund, and those members of this house who vote from year to year the grant in respect of reparations know that reparations are now annually appropriated by vote of parliament out of the consolidated revenue fund. It is a fact I think that cannot be contradicted that men who either suffered while they were soldiers in actual service at the front or were subjected to physical disabilities as the result of their treatment in Germany may apply, and in most cases they have applied, to the pension tribunals for pensions, because no discrimination is made by the pension board between disabilities suffered by soldiers as a result of active service and disabilities suffered by them as a result of maltreatment while prisoners of war.

In England no soldier and no sailor of the military or naval forces was permitted to make application under the special clauses of the treaty of Versailles relating to compensation for maltreatment as prisoners of war. The reparations were granted in Great Britain by a royal commission appointed on August 15, 1921, called The Royal Commission on Compensation for Suffering and Damage by Enemy Action. This commission on reparations was presided over by one of the most distinguished jurists in England, Baron Sumner. The royal commission appointing this commission recites:

> Whereas we have deemed it expedient that a commission should forthwith issue to consider cases in which there is a moral claim by British Nationals (other than those belonging to parts of the Empire to which a separate share of reparation receipts has been allotted) for compensation for sufferings or damage arising out of the action of the enemy during the war within Annex 1 to Part 8 of the Treaty of Versailles; and to make recommendations as to the distribution of a sum of not more than

> £5,000,000 out of the first receipts on account of reparation allocated to the exchequer of the United Kingdom in ex gratia payments to such persons.

It will be noted that the commission issued to the Sumner commission authorized it to consider claims for compensation for sufferings or damage arising out of the action of the enemy during the war within annex 1 to part 8 of the treaty. The several commissions which have been issued to the Canadian commissioners, I think four or five in number, contain a similar recitation. This annex 1 to part 8 of the treaty of Versailles is that provision of the treaty which is specifically referred to in the commissions issued to the several Canadian commissions on reparations and in the several orders in council which have been passed, which are to be found in full in part 1 of our own reports on reparations. Paragraph 22 of the first report of the Sumner commission, dated January 22, 1923, reads in part as follows:

> The terms of reference which incorporate the Annex to Part 8 of the Treaty of Versailles, also exclude military and naval forces of the crown on the general construction of the Annex, and the commission have here been guided by the test, whether or not such persons were employed on the terms of being amendable to discipline and subject to orders as members of the forces, in whatever capacity they were employed, and whether under special contract or by regular enrolment.

On the other hand, the Canadian commissioners have interpreted the same provision of Annex 1 to mean that in case members of the military or naval forces of Canada suffered permanent disability by reason of being made prisoners of war, which was not covered by the compensation which they had received from the pension tribunals, they might in extraordinary and special cases apply to the reparations commissioner, who would hear the evidence again, and awards have been made accordingly from time to time by the several commissioners, but these awards have been very limited in number. Article 232 of the treaty of Versailles provides that Germany—

> —will make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the period of belligerency of each as an allied and associated power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in Annex I hereto.

This article of the treaty to which annex 1 is attached confined said damage in terms to damage done to the civilian population. But the fourth category of annex 1 says:

> Damage caused by any kind of maltreatment of prisoners of war.

The Sumner commission has interpreted that clause as covering damages done to the civilian population while they were made prisoners of war, and the Sumner commission has so held. But to clarify any doubt as to the attitude of the British commission a cablegram was sent to the Canadian government office in London on November 22, 1930, reading as follows:

Ascertain from British reparation authorities what action if any was taken with regard to claims put in by military prisoners of war for injuries coming within section four Annex I article two three two treaty Versailles. Obtain particulars of any awards made and basis of settlement.

To this we received the following reply from the London office:

Your cable twenty-second. Ministry Pensions state all departments agreed in 1914 claims for personal injuries should be dealt with by Pensions ministry under ordinary provisions orders in council warrants relating soldiers and seamen. No further provisions to be made from public funds for special compensation. No difference made between injuries received prisoners of war or enemy action. Separate records claims while in captivity not available.

That was followed by a letter from the British ministry of pensions, referred to in this cable, reading as follows:

In reply to your letter of the 26th instant, I am directed by the Minister of Pensions to inform you that it was agreed in 1914 by the government departments concerned that claims for personal injuries sustained by members of the armed forces of the crown while in captivity in Germany should fall to be dealt with by the Ministry of Pensions under the ordinary provisions of the royal warrants, orders in council, et cetera, relating to soldiers, seamen, et cetera, and that no further provision need be made from public funds by way of special compensation on this account. It was not considered necessary to differentiate between injuries received by prisoners of war and those sustained otherwise as a result of enemy action, and separate records of claims in respect of injuries sustained while in captivity are not available.

It is therefore perfectly clear that no special allowances, compassionate or otherwise, were made to any members of His Majesty's forces in Great Britain who were made prisoner of war. Members of the Canadian forces, if they had been members of the British forces, would not have been permitted to make applications for reparations. They would not have received compensation in England except through the ordinary pension tribunals. Exceptional cases have been entertained by the Canadian reparations commissioners, and the awards to soldiers who were prisoners of war have been comparatively small as compared with the awards made to civilians who were prisoners of war. A great deal of complaint is made throughout the country that civilians are receiving better treatment than those who were serving in the naval and military forces of Canada when made prisoners of war. The circumstances of the naval and military claimants, and those of civilians, are entirely different. An enlisted member of the naval or military forces received his service pay, and if he was injured he received a pension. If he was captured by the enemy and detained in Germany as a prisoner of war his dependents were maintained at the public expense, and on his return to civil life he received his arrears of service pay, and a gratuity. If while a prisoner of war he suffered permanent physical injury he was entitled to receive a pension for life, just the same as if he had suffered physical injury on the field. On the other hand a civilian who became a prisoner of war was in a quite different position. If through misadventure he fell into the hands of the enemy and was taken prisoner his personal effects were lost, and his dependents received no compensation. On being allowed freedom he had no back pay to collect, and if maltreated or if he suffered injury while a prisoner of war he could not apply for pension, as could a member of the naval or military forces.

The differences in the situations when thus considered readily disclose that it is impossible to make any reasonable comparison between awards in civilian cases and in the cases of those in the naval or military services who became prisoners of war. For example, let us consider the merchant seaman who was captured at sea and interned or made prisoner of war in Germany, and possibly maltreated while a prisoner. He should be dealt with differently from the men engaged in the naval or military services. While a prisoner of war the merchant seaman received no pay; his dependents received no compensation; he received no service allowance or back pay; neither could he receive a pension from the public treasury. Therefore several of the reparations commissioners have felt that members of the merchant service resident or domiciled in Canada, who were made prisoners of war, should receive larger payments than the soldiers who were already receiving pensions ranging from thirty to ninety per cent for disability, and who were entitled from year to year throughout their lives to receive very considerable compensations.

Some of the lawyers throughout the country have been suggesting that those who were

dissatisfied with the awards made should apply for a rehearing. In some cases the suggestion has been made that rights of action lie against the crown. I am informed that such representations have been made to some of the soldiers who were prisoners of war in an effort to obtain authority from them to bring actions for compensation against the crown. I should like to refer those lawyers to a case recently decided by the House of Lords in England.

The case of Civilian War Claimants Association, Limited, and The King was finally decided by the House of Lords in November, 1931. The decision will be found in 1932 Appeal Cases, page 14.

By a petition of right the suppliants, as assignees of civilian claimants, who had suffered loss and damage by German aggression during the war, claimed on their behalf payment of compensation out of moneys paid or payable by Germany under article 232 of the treaty of Versailles and the provisions of annex I thereto.

The case made by the petition was that the claimants had sent particulars of their claims, first, to the Foreign Claims Office and, afterwards, to the Reparation Claims department in accordance with the instructions of His Majesty's government, that these claims had been duly verified by the government, and were included in the agreed total of claims for reparations which Germany was required to pay under the treaty, and that the crown in inviting the claimants to submit their claims had constituted itself an agent or a trustee for the claimants in respect of any money received by it from Germany on account of reparations, and that any such money was money had and received by the crown to the use of the claimants.

Held, on demurrer by the crown, that the petition afforded no ground for the contention that the money received under the treaty was received by the crown as an agent or a trustee for the claimants, or as money had and received to their use, and was had as disclosing no ground of claim cognizable by the court.

Rustomjee v. The Queen (1876) 1 Q.B.D. 487; 2 Q.B.D. 69, was approved and followed.

Lord Buckmaster, in delivering the opinion of the Lords, said:

First, in article 231 there was an affirmation by the allied and associated governments, accepted by Germany, that Germany was responsible for causing all the loss and damage to which the allied governments and their nationals had been subjected, and by article 232 it was provided that compensation should be made in the following words: "The allied and associated governments recognize that the resources of Germany are not adequate after taking into account permanent diminutions of such resources which will result from other provisions of the present treaty to make complete reparation for all such loss and damage. The allied and associated governments however require and Germany undertakes that she will make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the period of the belligerency of each as an allied or associated power against Germany by such aggression by land, by sea and from the air and in general all damage as defined in annex I hereto."

It is known that associated with the specific damage caused on the sea and by aircraft and bombardment to our people at home during the war there were included in the claims for damages against Germany large sums representing the damage that was suffered in payment of pensions to soldiers' widows and similar matters, which were in a different category from the damage of the nature I have already mentioned; but the whole was collected into one group claim, and there was no separated and specific claim under one head or another, so that one whole claim was put forward and approved by the reparations commission to represent the total claim against Germany under that head. Moneys have undoubtedly been received in respect of that claim, and it is in respect of those moneys that the present proceedings are brought.

In the first place, to establish that any one was a trustee of that fund under the circumstances I have mentioned is, to my mind, to attempt an impossible task. I can see no evidence whatever of an acceptance of trusteeship on the part of the government, or assertion of trusteeship on the part of the people who suffered damage, nor anything up to the time when the money was received to show that the conception of trusteeship was in the minds of anyone in any form whatever. Indeed, the original statements that were made were made of the readiness to compensate out of the national funds at home, and nobody suggests that the government were trustees of those funds for this purpose.

Finally, when the moneys were received, it is said that from and after that moment the crown became a trustee. I have pointed out in the course of the argument, and I repeat, that if that were the case, unless you are going to limit the rights which the beneficiaries enjoy, those rights must include, among other things, a claim for an account of the moneys that were received, of the expenses incurred, and the way in which the moneys have been distributed. Such a claim presented against the crown in circumstances such as these would certainly have no precedent, and would, as it appears to me, invade an area which is properly that belonging to the House of Commons.

That the money was received by the crown as agent seems to me can no more be established than that the money was received by it as trustee. In fact, the trusteeship is the agency stated in other words. If the crown was not a trustee, neither was it an agent; nor can I see that in any sense the crown received these moneys as money had and received to the use of the people whose claims were made. The people whose claims were made were not considered by Germany on making the payment at all. The terms of the treaty were that Germany should pay the sum necessary to

satisfy the claims of various people who had suffered, and it was left to the governments themselves, as between them and their nationals, to determine how that money was to be distributed. Therefore, my Lords, on general principle, I should have thought that the petition must fail but the general principle is immensely strengthened by the case of Rustomjee v. The Queen (1 Q.B.D. 487; 2 Q.B.D. 69), for there a case similar in many respects to this, although of course not exactly identical, arose for consideration in the Queen's Bench Division.

Lord Atkin followed with a short opinion entirely in line with that which I have just read, so I may assure hon. members that the assumption by some of the younger members of the legal fraternity that soldiers have a right of legal action against the crown in the right of the Dominion of Canada for such compensation, when it has been refused both by the pensions' board and by the reparations tribunal, is not a sound opinion, and that soldiers who contribute their funds for the purpose of paying the expenses of bringing such action are doing so without any possible hope of securing a return.

PROROGATION OF PARLIAMENT

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber the deputy of His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act for the relief of Ida Tarantour Waxman.

An Act for the relief of Frances Helen Dawes Porteous.

An Act for the relief of Minnie Jones Chandler.

An Act for the relief of Elizabeth Irene Woolnough.

An Act for the relief of Ellery Sanford Johnston.

An Act for the relief of Farla Goldman Rother.

An Act for the relief of Roméo Xavier Vandette.

An Act for the relief of Adlena Emma Sills Burrow, otherwise known as Adlena Emma Sills Burrows.

An Act for the relief of Ida Judith Clark Freudberg.

An Act for the relief of Elizabeth Ann Routledge Gunther.

An Act for the relief of Chesley Hastings Potter.

An Act for the relief of Theo Alice MacFarlane Lamb.

An Act for the relief of Chia Hannah Shiff.

An Act for the relief of Margaret Spencer Heald.

An Act to incorporate The W. S. Newton Company.

An Act to amend the Winding-up Act.

An Act respecting the Department of Insurance.

An Act respecting the Ottawa and New York Railway Company.

An Act to amend the Bankruptcy Act.

An Act respecting the Incorporation of Live Stock Record Associations.

An Act to amend the Judges Act.

An Act to provide for the deduction from compensation in the Public Service.

An Act respecting Foreign Insurance Companies in Canada.

An Act respecting Canadian and British Insurance Companies.

An Act respecting Radio Broadcasting.

An Act to amend the Customs Tariff.

An Act to amend the Income War Tax Act.

An Act respecting the Waterton Glacier International Peace Park.

An Act to amend The Montreal Harbour Commissioners' Act, 1894.

An Act to amend the Civil Service Act.

An Act to amend the Soldier Settlement Act.

An Act to amend the Income War Tax Act.

An Act to amend and consolidate the Fisheries Act.

An Act to amend the Special War Revenue Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial years ending respectively the 31st March, 1932, and the 31st March, 1933.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the deputy of His Excellency the Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons I present to Your Honour the following bill:

An Act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1933.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy of His Excellency the Governor General, did thereupon say:

In His Majesty's name the deputy of His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which the Deputy of His Excellency the Governor General was pleased to close the third session of the seventeenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I desire to thank you for the careful attention you have given to the various measures submitted for your consideration during the present session of parliament. The zealous discharge of your duties manifests alike, a deep concern for the welfare of Canada and an unshaken confidence in its future.

It is gratifying to observe that the program of economy for the current fiscal year will ensure relative equalization of revenues and expenditures, and that the additional moneys necessary to provide for the public service will be obtained without adverse effect upon the cost of living or impairment of the national credit.

My government's policy of unemployment and farm relief, consistently and vigorously pursued, has already achieved an amelioration of conditions and forecasts steady and continued improvement in both agrarian and industrial communities.

The means by which a larger area of distribution has been secured for the coal production of the maritime provinces will do much to relieve conditions heretofore prevailing in that part of the Dominion.

The measure for national ownership and control of radio broadcasting provides the necessary assurance against foreign interference with broadcasting from Canadian sources, and ensures to our people, without regard to class or place, equality of service from the new broadcasting system to be inaugurated as soon as practicable.

The commercial agreement negotiated with the Dominion of New Zealand and ratified by parliament is a further step towards closer empire economic association based upon the principle of reciprocal benefits.

The enquiry by a committee of the House of Commons into the operation of the Civil Service Act prepares the way for a reorganization of the Civil Service Commission and the better administration of matters pertaining to the civil service.

Among other important measures enacted were bills respecting The Patent Act, Unfair Competition in Trade and Commerce, the Export of Gold, Insurance, The Fisheries Act, The Judges Act, The Excise Act, The Companies Act, The Soldiers Settlement Act and The Railway Act.

Approval has been given the British Commonwealth Shipping Agreement, The International Convention for the Amelioration of Conditions of the Wounded and Sick in Armies in the Field, The International Convention relative to the Treatment of Prisoners of War, The International Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

I do sincerely commend the fortitude and patience with which the Canadian people have endured the trials and hardships of these troubled times. Those attributes have equipped them to surmount whatever difficulties may yet be encountered before prosperity returns. Recurring disturbances in world conditions have hindered our progress. The prosperity we rightly expected before this time has been by them delayed. For no nation can alone resist the influence of the universal disruption of financial and industrial conditions.

Near at hand are the means by which this country, organized and prepared, may hasten its economic recovery. Within two months' time an economic conference of the countries which compose the British Empire will meet at Ottawa. From that conference may arise a power which will bring enduring harmony out of economic chaos, and provide the wise and courageous leadership which in other times of universal stress the world looked for and obtained from the British peoples. Canada believes that the closer economic association of the British Empire will herald the dawn of a new and greater era of prosperity both for ourselves and for all the nations of the earth.

In relieving you from attendance upon your parliamentary duties, I pray that Divine Providence may guide and bless you.

This concluded the third session of the seventeenth parliament.